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Ministers search for pay restraint formula as unemployment total jumps

Chequers talks on 10% pay target

BY JOHN BOURNE and JOHN ELLIOTT

A TARGET for wage rises next winter of 10 per cent. or £6 a week is to be considered by senior Cabinet Ministers at a special meeting called by the Prime Minister this morning at Chequers to discuss the Government's economic and other general strategies.

This figure might be allowed to rise to £8 if the TUC, with or without the CBI, was to produce a watertight policy—which seems almost impossible following the Amalgamated Union of Engineering Workers' rejection of the social contract and wage restraint earlier this week.

The option now being actively discussed among Ministers as the most likely alternative course for halving the rate of inflation if the TUC does not produce an acceptable policy by the middle of next month is a statutory pay policy, because of the damage the alternative of soaring unemployment and savage public expenditure cuts would do to the Labour movement.

Mounting concern in Whitehall about foreign confidence means that Ministers are preparing to shorten the length of time during which they are willing to let the TUC continue its present deliberations. Their anxiety is increased by fears over the sharp loss of confidence that would accompany either a significant increase in the railwaymen's pay offer or a railway strike.

The seriousness of the situation has been spelt out to senior union leaders by the Chancellor of the Exchequer and now the TUC has turned to the CBI to try to produce a credible alternative to Government intervention in joint talks which are to continue next Tuesday.

Union leaders such as Mr. Jack Jones of the Transport Workers still do not believe that the Labour Government, after all it has said in the past year, would fall back on to a statutory policy, but this can no longer be taken for granted as other union leaders realise. Some estimates suggest that half the Cabinet might support a statutory policy, to impose the wage targets.

The Chancellor, Mr. Denis Healey, is thought to be swinging in favour of such a policy as the best way of restoring foreign confidence, which makes the views of the Prime Minister and Mr. Michael Foot, Secretary for Employment, crucial during the coming weeks.

This means that next Wednesday's meeting of the TUC general council is even more important because Ministers seem unlikely to be prepared to wait for a final answer from the TUC until its next regular council meeting on July 23. The problem is that an adverse decision from this meeting would leave virtually no time for Ministers to introduce or at least finalise the tough measures which they consider would then be necessary within a matter of days.

At present there seems only a remote chance that the TUC will be able to produce an effective and low enough wages figure and provide sufficient evidence of its ability to deliver on it. The 10 per cent. wage target is equivalent to £6 a week on the flat-rate cash basis favoured by Mr. Jack Jones of the Transport Workers, but opposed by craft and other unions with higher paid members. The Government is also far from convinced that the problems created by flat-rate rises are worth bearing.

Some senior Ministers might however be prepared to accept a flat £6 rate and even allow this to creep up to about £8 if it was accompanied by as near a guarantee as is possible from the TUC that it would be a uniform operation across the trade unions' 10m. membership. Ministers are also not unduly concerned about whether the proposal comes from the TUC alone or from the CBI too and would then operate it in the public sector.

But even £8 would probably be too low for most TUC unions. It would also be opposed, as would any other figure be, by the AUEW and key areas of the National Union of Mineworkers.

The attitude of the miners is crucial to any pay policy and is one of the reasons why Ministers do not seem keen on a policy which involved them in restricting pay rises in the public sector while leaving fears of unemployment and company cash problems to restrain wages in the private sector.

There is a strong argument running in Whitehall that any policy would have to be applied across both sectors in order to harness the support of militants in the public services and nationalised industries.

Last night, however, the fact that union leaders are realising the impact that unemployment has on their bargaining power became evident when Mr. Hugh Scanlon of the AUEW, commenting on the unemployment figures, said: "If this trend continues there will be no need for any regulation of wages—unemployment will do that."

The AUEW would be in the forefront of the row which would split the Labour Party if a statutory policy were introduced and the possible impact of this row is still being gauged by Ministers. However, the Chancellor of the Exchequer is believed to consider that the alternatives raise many problems. He believes, it is thought, that public expenditure cuts would not be a viable policy within the Labour Party and that while higher taxes would cut demand and raise unemploy-

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Bank urges pay control

Tougher action to slow the rate of inflation — now at a "critical stage" — and to restrain pay settlements is called for by the Bank of England in its Quarterly Bulletin. It urges a stricter form of voluntary restraint or other methods of Government limitation of wages, implicitly suggesting some form of statutory control.

Back page

June jobless worst since the war

BY WILLIAM KEEGAN, ECONOMICS CORRESPONDENT

THE NUMBER of people out of work in the U.K. this month is 869,822—the worst June unemployment figure since World War II, and equivalent to 3.7 per cent. of the labour force.

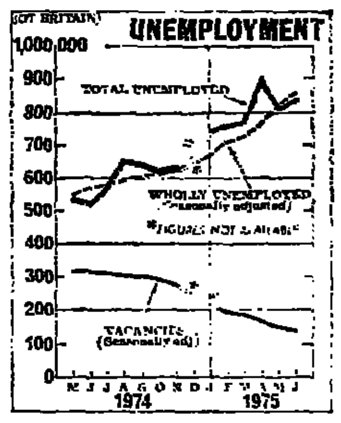
Announcing this yesterday, the Department of Employment stated that in addition there were an estimated 205,000 workers on short time in British industry.

The actual rise in jobless this month—up 19,489 from the May level—understates the extent to which the employment situation is deteriorating.

This is a time of year when unemployment normally falls sharply. On a seasonally adjusted basis, however, the number of wholly unemployed in the U.K. has shot up 104,000 in the past two months—by 56,800 between April and May and a further 47,900 in the past four weeks.

It is one of the steepest increases on record in the adjusted figures, twice as fast as the increase in the previous two months, and brings the seasonally adjusted figure of unemployment to 901,400—the highest since April, 1972.

At that time, the U.K. was beginning to emerge from the 1971-72 recession. One of the features of the economy in the past 12 months, however, has been the way in which the move into recession has lagged behind that of other countries.



Bank figures

Figures published by the Bank of England to-day show that in April—the latest month for which full comparisons can be made—the unemployment rate of 3.3 per cent. for Great Britain compared with 3.4 per cent. in Germany, 5.1 per cent. in France and 7.7 per cent. in the U.S. The importance of these figures is that they are fully adjusted for differences in methods of calculation between the various countries.

Bank of England calculations also show that in the first quarter of this year the deviation of U.K. industrial production from trend was at minus 6 per cent.—much less than the weighted average of minus 17 per cent., for all OECD countries. And the gap between actual and potential output in the U.K. had at that stage widened by less than in the previous U.K. recession.

While the rising unemployment trend is a response to the onset of the recession, the Bank's calculations—and the projections of most official and private forecasters—suggest that it will be a matter of months before unemployment reaches the 1m. mark.

Meanwhile Mr. Denis Healey, the Chancellor, has taken great exception to suggestions that he has revised forward his estimate of the upturn in world trade which, given the impossibility of stimulating demand domestically, is being relied on to alleviate the U.K. unemployment situation in 1976.

Official sources emphasise that the Government has never expected an upturn before 1976, although at the recent International Monetary Fund committee meeting in Paris, the U.S. delegation put its money on an upturn in the second half of this year.

If there is one good thing about the unemployment picture so far, it is that the effect on the regions is not as bad as it has been in previous recessions. This is particularly so with regard to Scotland and the North, where the activity in the North Sea is obviously having a beneficial effect.

Figures for adult vacancies bear out the depressing national picture painted by the unemployment series, with another sharp fall this month of 14,300 to 141,300—in the seasonally adjusted figure for Great Britain.

Unemployment fallacies, News analysis, Page 8

Industrial action to limit jobless urged, Page 11

£ in New York

—	June 19	Previous
Spot	$2.2725-2755	$2.2750-2.2780
1 month	0.75-0.68 dis	0.76-0.71 dis
3 months	2.40-2.35 dis	2.41-2.36 dis
12 months	10.30-10.20 dis	10.25-10.15 dis

Compromise expected in new guidelines for Industry Bill

BY HAROLD BOLTER AND JOHN HUNT

THE GOVERNMENT is expected to produce new guidelines on the operation of the National Enterprise Board before the report stage of the Bill begins in 10 days' time.

They may go some way towards dealing with one of two main objections which the Confederation of British Industry has to the Bill as it stands—that the NEB should not be allowed to buy into profitable sectors of private industry without the consent of the company Boards.

But from a statement by the Prime Minister in the Commons yesterday it is clear that the Government will not go as far as the CBI wants in changing the Bill's controversial provisions on the disclosure of information.

Although Mr. Wilson emphasised that the Government would not be relying heavily on the use of compulsory powers to force companies to disclose confidential information to the unions he reserved the right to use compulsion "if there are recalcitrant firms which don't carry out the best practices as endorsed by the CBI."

Mr. Wilson's words indicate that in the long wrangle over the final shape of the Bill, the Government is unlikely to go as far as the CBI would have liked to soften the impact of the disclosure requirements.

Nevertheless, the Prime Minister's statement did give rise to speculation at Westminster that the Government may be considering writing into the Bill a guarantee that the compulsory disclosure powers would only be used in extreme circumstances.

Conflicting

Such a compromise might satisfy the conflicting demands of the new Industry Secretary, Mr. Eric Varley, who wants to keep changes in the Bill to a minimum, and Mr. Harold Lever, the Prime Minister's financial adviser, who would like meaningful alterations to the information clauses.

Mr. Varley met Lord Watkinson, the CBI's Deputy President, and Mr. Campbell Adamson, the Confederation's Director General, to discuss the Bill yesterday and left them with the impression that final decisions on the shape of the Bill have still not been taken.

During the talks, the CBI representatives emphasised once more that their members were in a mood not to co-operate fully with the Government unless fundamental changes were made in the Bill.

They called for a return to the terms of the White Paper preceding the Bill, which stated that disclosure should be limited to companies entering into voluntary planning agreements with the Government.

Mr. Wilson's later statement in the Commons appears to have ruled this possibility out, however, and the CBI is certainly growing concerned that anything the Government does will not be enough to restore industrial confidence.

The real problem for the Prime Minister is that although he seems to want to give the Confederation enough concessions to boost confidence, he is under extreme pressure from the unions and Labour Left-wingers not to give anything away.

Motor-cycle move urgent-Varley

BY PETER CARTWRIGHT

MR. ERIC VARLEY, Industry Secretary, is to consult his Cabinet colleagues and other Ministers about the future of the motor-cycle industry—in which the Government already has a major stake—"as a matter of urgency," he told a meeting of all sections of the industry yesterday.

Meanwhile, he asked, no irrevocable decision should be taken by anyone. This was taken to include the possibility of short-time or redundancy at Norton Villiers Triumph factories, which the company has warned might stem from the recession in its main U.S. market.

It seems doubtful whether Mr. Varley will come to any firm conclusions about a further injection of money (put at £30m. to £40m. over three years for new equipment and models) or outright nationalisation, the other main proposal, until he has had a chance to see a study of the motor-cycle industry being made for his Department.

This is being carried out by the U.S.-based Boston Consulting Group of London (which was represented at yesterday's meeting) and is now almost ready.

The meeting was originally arranged by Mr. Anthony Wedgwood Benn, Mr. Varley's predecessor. It was attended by about 50 management, union and Meriden Motor Cycle Co-operative representatives.

The Co-operative, which now employs 350, was set up last February with nearly £5m. Government aid after an 18-month fight to prevent NVT closing the Meriden factory. NVT itself was established almost two years ago with nearly £5m. of Government money to create a healthy industry; and one of its first decisions was to close the loss-making Triumph works at Meriden, which formerly employed 1,750.

Mr. Denis Poore, chairman of NVT, who has consistently said that a three-factory set-up — —NVT's two in Birmingham and Wolverhampton, and Meriden Co-operative—would need upwards of £25m. to remain viable, made a submission on the need for major new investment.

The possibility was also put forward of increasing the £8m. export finance cover for NVT, which for the first two years is to market machines from Meriden up to a rate of 24,000 a year.

National officers of six unions in the Confederation of Shipbuilding and Engineering Unions, including Mr. Bob Wright (engineering) and Mr. Tom Crispin (transport), together with shop stewards represented NVT's production force, while the Meriden Co-operative was represented by Mr. Dennis Johnson, the Co-operative chairman, and Mr. David Jones, the professional managing director recently recruited from the motor industry.

The Confederation has called for full nationalisation of the industry. While its views were repeated yesterday, no one seems to have tried to force this issue.

Editorial Comment, Page 20

NEWS SUMMARY

GENERAL

Rail pay talks adjourn

Talks between British Rail and the three rail unions in a bid to avert Sunday's threatened national strike were adjourned last night until this morning after nearly seven hours.

They were adjourned at the request of the British Railways Board who, it was said, want more time to examine proposals put to them. One in particular they have been studying would give all railwaymen the 27.5 per cent. award from the end of April, with an additional 3 per cent. to be paid across the board from a later date to compensate for the increase in the cost of living since the tribunal announced its award.

The proposals also includes a small allowance additional to the basic rate for the lower paid.

Message from Queen to Amin

The Queen last night sent a message to Uganda's President Amin by hand of his former King's African Rifles CO Lt.-Gen. Chandos Blair. With Amin's former company commander, Major Iain Graham, Gen. Blair flew out just after Radio Uganda announced that British businessman Stanley Smolen, 38, had been acquitted by a military tribunal. He faced death on a hoarding charge.

But 61-year-old Briton Dennis Hills still faces a firing squad this week-end for treason if Ugandan demands are not met. Fifty governments have interceded with Amin for Mr. Hill's life. The Queen's message appeals to him on humanitarian grounds.

Warsaw Pact armies unite

With concern growing over both the political and weapons co-ordination of Nato, reports surfaced yesterday that the Soviets are pressing for total military integration of the Warsaw Pact.

The Albanian Ministry of Defence journal Luftetari said special mobile detachments from member armies are already under training in East Germany. (Page 6)

Lucan hunt to go on

THE hunt for the missing Lord Lucan will go on, police said yesterday after a London inquest named him as the murderer of his children's nanny, Sandra Rivett, 29.

Two love

Yvonne Goolagong married her English sweetheart, 25-year-old metals broker Roger Cawley in a surprise Canterbury Register Office ceremony yesterday amid signs of a clash with her long-time coach and legal guardian Vic Edwards.

People and places

THE PRETENDER, Don Juan de Bourbon, has been banned from Spain after his weekend speech in Lisbon challenging his son, Prince Juan Carlos, nominated by Franco as his successor. Page 6

THREE ARMED MEN snatched £135,000 in a 90-second raid on a security van 100 yards from the police station in Navan, Ireland.

MRS. JUSTICE Rose Heilbron will head the independent inquiry into the rape law.

AGARO took Piggott's Ascot winners to seven and prize money to 59,984. Seventy stable lads paraded peacefully to support their pay strike. Page 2

SWITZERLAND's largest banks said there would be no abolition of the numbered accounts system.

MAJOR AND NODDY, the two beagles stolen from research laboratories in Cheshire by animal lovers, were non-smokers, it said.

BUSINESS

Equities higher: Wall St. up 17.5

● EQUITIES were almost inactive—a late spurt pushing the FT 30-share index up 2.6 to 328.6. Official markings were down to 4,588 against the previous day's 5,745. Gold Mines Index gained 5.0 to 383.7.

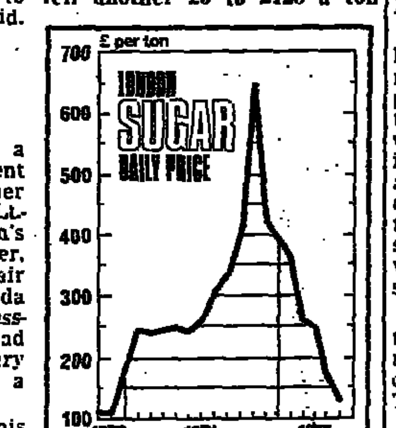
● GILTS continued quiet. Government Securities Index was up 0.03 at 58.12.

● GOLD was down $1¼ to $162¾.

● STERLING was up 10 points at $2.2740. Weighted average was unchanged at 26.3 per cent. Dollar's was 6.72 (6.82).

● WALL STREET was up 17.52 at 845.35 on a volume of 21.45m. shares (15.59m.) on technical factors.

● LONDON Daily Sugar price fell another £5 to £128 a ton



— the lowest since December, 1973.
Page 35

● U.K.'s identified net assets abroad fell to £1.9bn. last year from £5.9bn. at the end of 1973 —broadly the measure of the current-account balance of payments deficit during the year. Page 9

May car output at 13-year low

● INDUSTRIAL disputes forced car output in May to its lowest level in 13 years—down to 72,173 units from 106,155 in April and 158,113 in May last year. Page 8

● GOVERNMENT seems ready to accept the Post Office's case, now in its final stages of preparation, for autumn post and phone price rises and cuts in services. Back Page

● UNIT TRUST sales were slightly higher in May at £34.04m. (£33.89m. in April), with repurchases up at £13.5m. (£11.9m.). Net new investment for the month was £20.51m. (£21.9m.). Page 9

● UNREST at ICI—against the company's 26 per cent. pay offer — which has already closed the petrochemicals complex on Teesside, spread further. Page 11

● SHEFFIELD TWIST and Drill take-over outcome remained uncertain after one would-be purchaser, Thorn Electrical Industries, foreshadowed an increased offer of at least 91p a share, worth £12.3m. Back Page

● TOOTAL is negotiating to sell its Hide Group department store subsidiary to House of Fraser as a going concern. Back Page

COMPANIES

● TATE AND LYLE first-half taxable profits before exceptional items, expanded to £24.3m. (£15.8m.). Page 23 and Lex

● J. LYONS and Co. increased overall turnover by 29 per cent. to £577m. (£448m.) and trading profit 25 per cent. to £25.67m. (£20.61m.) in the year to March 28. Page 28 and Lex

● BRITISH and Commonwealth Shipping, with profits of £16.11m. for 1974—before tax and exceptional items—has topped last November's £15.4m. forecast. Page 27 and Lex

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated.)

RISES

Exc 4¼% 1974-79	£79¾	+ $\frac{1}{16}$
International	87	+ 5
& Wilcox	113	+ 3
[illegible]	293	+ 9
(S. & W.)	160	+ 4
[illegible]	167	+ 6
ark	36	+ 2½
[illegible]	368	+ 6
(A.)	121	+ 9
Wkinghai Bk.	240	+ 7
Whatthey	272	+ 4
'A'	176	+ 11
rton	123	+ 4
Supplies	68	+ 4
ays	12	+ 3
es	51	+ 6
[illegible]	72	+ 3
Reed Intl.	245	+ 7
SA Distilleries	320	+ 15
Tate & Lyle	246	+ 7
Tavener Rutledge	58	+ 8
Time Products	69½	+ 4½
Unilever	382	+ 6
Weyburn Engineering	224	+ 3
Whitbread 'A'	62½	+ 4½
Assoc. Aust. Oil	130	+ 6
Woodside-Burmah	66	+ 4
Anglo American Corp.	484	+ 8
Anglo Am. Gold Inv.	£42	+ 1½
Coronation Syndicate	255	+ 15
Hartebeest	£26½	+ 1
Pancontinental	360	+ 50

FALLS

Assoc. P. Cement	142	− 4
Avon Rubber	33	− 9
Brown (N.) Invests.	31	− 3
Powell Duffryn	110	− 6
Smith (W. H.) 'A'	384	− 4
Malayan Tin	182	− 6
Pot. Platinums	220	− 5
Selection Trust	605	− 10

For latest Share Index 'phone 01-246 8026

LOMBARD

World's poor—the unseen burden

BY C. GORDON TETHER

THE great bulk of the additional sums that the advanced countries are having to pay for oil—thanks to the activities of the OPEC cartel—are accruing to the producing countries. But don't run away with the idea on this account that poor countries producing other commodities can expect to benefit in similar fashion from a major improvement in the terms on which they do business with the affluent world.

As an in-depth study of world banana trade recently completed by the UNCTAD secretariat brings out all too clearly, it may well be that in many cases it is only through fundamental changes in marketing and distribution arrangements that the earnings of the producing countries can be materially strengthened. Failing that, additional sums paid by consumers are apt to finish up almost entirely in the pockets of affluent world middlemen—not least with the multinational companies that tend, as in the case of bananas, to dominate this traffic.

What proportion of the price you pay for a banana, would you suppose, accrues to the grower? It turns out to average—according to the UN survey—only a little over a tenth. Freight and insurance take, between them, just as much, while the share absorbed by the ripeners and retail traders in the consuming countries is almost five times as large.

Trend wrong

There is no difficulty in seeing that, so long as the cake continues to be shared out on this basis, the poor producing countries—and most of them are decidedly poor—are not going to get much of a lift in absolute terms from an expansion in the size of the market for their product or even from a big jump in the price obtained for it.

The survey calculates that, of the $2.1bn. odd consumers paid for bananas in the year of the survey, only a mere $245m. accrued to the producing countries, the foreign enterprises which handle the marketing and distribution system absorbing the great bulk of the remaining $1.9bn. And it points out that, if this pattern persists, the producers' earnings would expand by no more than about $400m. even if total trade liberalisation were to engender a 10 per cent. growth in exports through the 1970s—that is double the rate actually achieved in the 1960s. By contrast, the foreign enterprises involved would be no less than $3.4bn. better off.

And let me hasten to add that, on the record to date, there are no reasons for thinking that the situation is going to change in favour of the producing countries of its own accord. As Professor Clairmonte, a marketing and distribution specialist, stresses in an article on the "Banana Empire" in Ceres, the Food and Agriculture Organisation's review, though the profits of the foreign enterprises have risen over the years, the real earnings of the producing countries have plummeted.

Having pointed out that the implication is that the underdeveloped banana economies are subsidising consumption in the advanced world, Professor Clairmonte goes on to assert that this transfer of real resources is not an isolated one.

The UN report comes to the conclusion that, where bananas are concerned, the answer to the problem of giving producers the much better deal they are entitled to will have to be sought first in modifications in existing marketing and distribution arrangements. And this is where this aspect of world affairs makes contact with the growing controversy over the part that the multinationals play in ordering the economic life of the world.

The multinational companies are a very big element indeed in the "foreign enterprises" that scoop up the great bulk of the money consumers pay for bananas.

The banana producing republics have now established an organisation of their own to enable them to do battle more effectively with the outside forces that have given them such a raw deal. But as Professor Clairmonte stresses, the success of this operation will depend on its capacity to sustain a struggle and build up its organisation at both national and regional level over a long time span.

Is it too much to hope that those in the advanced world who are well placed to enable them to achieve their objective without going through this laborious process will see themselves under a moral obligation to do so?

RACING — BY DOMINIC WIGAN

Blue Cashmere should score

PROVIDED that there is no overnight rain, I cannot see Blue Cashmere failing to outpace his 11 rivals in the King's Stand Stakes on the final day of the Royal meeting.

Michael Stoute's strongly-made Kashmir II colt, who put up such an outstanding performance last summer to defeat Rapid River by 2½ lengths in the Nunthorpe Stakes at York, showed at Newmarket on his reappearance in May that he had done well over the close season by taking fourth place behind Hot Spark in the Palace House Stakes.

Despite looking much in need of the outing on his home course, Blue Cashmere kept on surprisingly strongly in the closing stages to finish within three lengths of the Irishman, who had a neck to spare over Bay Express.

On his only appearance since that encouraging display Blue Cashmere found no difficulty in turning the tables on Bay Express when making almost all the running under 9-stone 8-lbs to land Sandown's Temple Stakes in a fast time at the Spring bank holiday meeting.

Blue Cashmere, one of three course winners in the line-up, is reasonably well drawn at 5, and provided that Frankie Durr can get him away quickly, as he did at Sandown, he is unlikely to be headed.

Bay Express, the winner of this event last year and France's leading sprinter Flirting Around are the worst-drawn at 11 and 12, respectively. They may, nevertheless, be good enough to beat the remainder for the minor placings.

A year ago, Henry Cecil, whose Newmarket stable is on the crest of a wave, landed the Hardwicke Stakes with Relay Race, and many may back the combination to do the trick again.

However, a better bet here could be *Dibidale* from another in-form stable, that of Barry Hills.

Last season's leading middle distance filly outside France made little show in the Jockey Club Stakes at Newmarket on her reappearance, but she is reported to be back to something near her peak of last summer. If this is the case, she should make short work of her rivals.

Sir Penfro and Mil's Bomb have also yet to find their best form of 1974 and a better bet for second place could be Shebeen.

Despite Royal Boy's defeat in yesterday's Norfolk Stakes, I shall be more than surprised if *Music Boy*, who chased him home at York recently, is beaten in the opener, the Windsor Castle Stakes.

● Fears of a major Transport and General Workers Union demonstration in support of the Newmarket stable lads' strike evaporated in the Ascot sunshine yesterday, though 70 of the lads paraded peacefully—with police permission before racing started.

The TGWU and the Newmarket Trainers Federation want a Government inquiry into racing's labour situation.

ROYAL ASCOT

2.30—Music Boy***
3.05—Dibidale*
3.45—Questa Notte
4.20—Blue Cashmere**
4.55—Solo Violin
5.30—Meadow Moss

SALEROOM — BY ANTONY THORNCROFT

Record £105 for Dinky toy

MOST OF the sales in London, yesterday, were routine, except perhaps at Phillips, which disposed of lead soldiers and models, and the Sotheby's jewellery sale.

A record price—£105—was paid at Phillips by a private collector for a 1934 Dinky model of a Pickford's delivery van, 2¼ inches long. When it was issued in 1934 it cost 9d, later reduced to 6d.

Jewellery sales seem to go from strength to strength, but even so the highest prices at Sotheby's were exceptional. A Victorian emerald and diamond necklace was bought by the Hilton Jewellers for £80,000—over twice the pre-sale estimate. Companion ear-rings of emeralds and diamonds were bought by Matthews, a London dealer, for £36,000—way ahead of the £10,000-£12,000 forecast.

A 19th-century Imperial Russian necklace-tiara was acquired by Seymour for £8,000, the top of the estimate and the final sale total reached £210,508.

At Sotheby's Chancery Lane Rooms there were some good prices in a sale of books on travel and topography. The highest price was the £3,400 paid for Lord Kingsborough's *Antiquities of Mexico*, a first edition published 1831-48 in nine volumes, with 742 plates. A photographic album with 95 mounted pictures of Upper Egypt, taken in 1854 by J. B. Greene, was bought for £2,500.

Even more impressive photographs come on to the market next Thursday at Sotheby's Belgravia, when an album containing 111 by Julia Margaret Cameron goes under the hammer. It is larger than the now famous *Herschel presentation album* sold at Sotheby's, Belgravia, in October last year for a record £52,000 and now safely lodged in the National Portrait Gallery. However, this album, which the photographer gave to Lord Overstone in 1865, contains fewer portraits and more "madonna" studies.

Also for sale for the first time at auction is an album by Fox Talbot often called the "Father of Photography." It contains 48 calotypes taken between 1844 and 1848.

The Sotheby's, Belgravia, silver sale yesterday went very well, making a total of £42,922. The top price was the £2,900 (around the top estimate) paid by a London dealer for a Herman Ratzerdorfer, late 19th century, Viennese rock crystal, silver gilt and enamel cup in the shape of a winged dragon. The firm specialised in creating objects in rock crystal and enamel in imitation of 16th century originals.

Other good prices were the £2,100 given by a Lebanese buyer for a Swiss Quatre-Couleur gold and enamel snuff box of around 1840 (way above estimate), and the £1,250 for a 160-piece canteen of Elkington and Company, beaded, old English pattern table silver. A late-19th century German carved ivory tankard, with silver mounts, went for £1,200.

At Christies' a routine English furniture sale made £41,345. Liptich bought a George III satinwood secretaire book case for £1,470 and Phillips and Harris acquired a pair of early George III painted side tables for £1,312.50p.

Spencer and Sons silver sale at Retford totalled £7,883, with a single stone diamond ring making £520.

TV/Radio

BBC 1

† Indicates programme in black and white.

†9.38 a.m. For Schools, Colleges. 10.45 You and Me. 11.30 For Schools, Colleges. 1.00 p.m. Cynfas. 1.30 In the Town. 1.45 News. 2.02 For Schools, Colleges. 2.22 Tennis: The John Player Tournament. †3.58 Regional News (except London). 4.00 Play School. 4.25 Dorothy . . . and the Magpie (cartoon). 4.35 Jackanory. 4.50 Devlin. 5.15 Young Film Makers 1975. 5.40 Roobarb.
5.45 News.
†6.00 Nationwide including 6.45 Sportswide.
7.00 Bugs Bunny.
7.15 The Wonderful World of Disney.
8.00 It's a Knockout.
9.00 News.
9.25 The Dimbleby Talk-in.
10.00 "Torn Curtain," starring Paul Newman and Julie Andrews.
†12.05 a.m. Regional News.
12.07 Tennis: John Player Tournament highlights.

All Regions as BBC 1 except at the following times:—

Wales—6.00-7.00 p.m. Wales To-day. 7.15-7.35 Heddiw. 7.35-8.00 Digon o Ryfeddod. 9.25-10.00 Week In Week Out. 12.37 a.m. News of Wales.

Scotland—6.00-7.00 p.m. Reporting Scotland. †12.06-12.07 a.m. Scottish News Summary. 12.37 Scottish News Summary.

Northern Ireland—3.58-4.00 p.m. Northern Ireland News. 6.00-7.00 Scene Around Six. †12.37 a.m. Northern Ireland News Headlines.

England—6.00-7.00 p.m. †Look North (from Leeds, Manchester, Newcastle); †Midlands To-day (from Birmingham); †Look East (from Norwich); Points West (from Bristol); †South To-day (from Southampton); †Spotlight South-West (from Plymouth).

BBC 2

†6.40 a.m. Open University.
11.00 Play School.
4.30 p.m. Tennis: The John Player Tournament.
†5.00 Open University.
7.30 Newsday.
7.45 Family Fare.
8.10 The Philpott File.
9.00 Ten from the Twenties.
9.50 The Balloon Game.
10.20 The Money Programme: New York—Debt City.
11.10 News Extra.
11.29 Closedown: William Squire reads "Sudden Light" by Dante Gabriel Rossetti.

LONDON

9.30 a.m. Schools Programmes. †11.30 Bertrand Russell Speaks His Mind. 11.40 Cartoon. 11.45 Manfred. 12.00 Mr. Trimble. 12.15 p.m. A Handful of Songs. 12.30 Songs That Stopped The Shows. 1.00 First Report: News plus FT index. 1.20 Lunch-time To-day. 1.30 Paint Along with Nancy. 2.00 Good Afternoon. 2.30 "The Divorce Of Lady X," starring Merle Oberon, Laurence Olivier and Ralph Richardson. 4.10 Cartoon. 4.20 Follyfoot. 4.50 Magpie Special. 5.20 University Challenge.
5.50 News from ITN.
6.00 To-day.
6.35 Crossroads.
7.00 Husband of the Year.
7.30 Romany Jones.
8.00 Caribe.
9.00 The Main Chance.
10.00 News.
10.30 Salute, starring Dave Allen, Julie Andrews, Tom Jones, John Lennon and Peter Sellers.
11.30 Police Five.
11.40 Department S.
12.30 a.m. Stranger in the City.

All ITV Regions as London except at the following times:—

ANGLIA

1.25 p.m. Anglia News. 2.00 Food File. 2.30 Friday Afternoon Film: "Hell and High Water," starring Richard Widmark. 4.25 The Romper Room. 5.20 Follyfoot. 6.00 About Anglia. 8.00 Police Story. 10.30 Probe. 11.00 Salute. 12.00 Men Who Matter

ATV MIDLANDS

1.20 p.m. Lunchtime Newsdesk. †2.30 The Friday Film: "Lord Lovadock," starring Roddy McDowall. 5.20 The Flintstones 6.00 ATV Today. 7.00 Salute. 8.00 Husband of the Year. 8.30 Romany Jones. 10.30 Appointment With Fear: "The Shuttered Room," starring Oliver Reed.

BORDER

9.30 a.m. Alice In Label Land. 11.33 Documentary: "The New Boys." †1.25 p.m. Border News. 2.00 Women Only. 2.30 Friday Matinee: "Just for You," starring Bing Crosby. 5.20 The New Adventures of Superman 6.00 Border News and Lookaround. 7.30 The Six Million Dollar Man. 8.30 Romany Jones. †11.00 Late Night Film: "A Woman Possessed," starring Margaretta Scott. †12.40 a.m. Border News Summary

CHANNEL

1.20 p.m. Channel Lunchtime News and What's On Where. 2.30 The Friday Matinee: "September Affair." 5.20 Untamed World. 6.00 Report At Six. 7.30 Kung Fu. 8.30 Romany Jones. 11.30 Night Gallery. 11.55 News and Weather in French.

GRAMPIAN

1.20 p.m. Grampian News Headlines. 2.00 Women Only. 2.30 Friday Matinee: "Drum Beat," starring Alan Ladd. 5.15 Wait Till Your Father Gets Home. 6.00 Grampian News. 6.10 Grampian Week. 7.00 The Friday Movie: "Escape From Zahrain," starring Yul Brynner. 8.30 Romany Jones. 11.30 Conference Report. 12.30 Evening Prayers.

GRANADA

9.30 a.m. Alice in Label Land. 11.30 Focus on Wildlife. 1.20 p.m. This Is Your Right. †2.30 Friday Matinee: "Alive and Kicking," starring Sybil Thorndike. 4.10 Cartoon. 5.15 Cartoon. 5.20 Crossroads. 6.00 Granada Reports. 6.35 Randall and Hopkirk (Deceased). 8.00 Kung Fu. 11.30 The Friday Film: "The Last Wagon," starring Richard Widmark.

HTV

1.20 p.m. Report West Headlines. 1.25 Report Wales Headlines 2.00 Women Only. 2.30 Friday Matinee: "Ulysses," starring Kirk Douglas 5.20 Orbit 5. 5.25 Crossroads. 6.01 Report West. 6.18 Report Wales. 6.35 University Challenge. 7.05 Friday Mystery Movie. "The Adventures of Nick Carter" 8.30 Romany Jones. 10.30 Shanty Burns 11.00 Salute.

HTV Cymru/Wales—As HTV General Service except 1.20-1.25 p.m. Penawdau Newyddion Y Dydd. 4.20-4.50 Ceilyll Cantamil. 6.01-6.18 Y Dydd. 10.30-11.00 Outlook.

HTV West—As HTV General Service except 1.20-1.30 p.m. Report West Headlines. 6.18-6.35 Report West.

SCOTTISH

1.25 p.m. Road and Weather Report 2.00 Housecall. 2.30 Friday Matinee: "That Riviera Touch," starring Eric Morecambe and Ernie Wise. 5.20 Kiri. 5.25 Crossroads. 6.00 Scotland To-day. 6.30 The Flintstones. 7.00 Ways and Means 7.30 The Streets of San Francisco 8.30 Romany Jones. 11.30 Late Call. 11.35 Feature Film: "The Earth Dies Screaming," starring Dennis Price.

SOUTHERN

1.20 p.m. Southern News. 2.00 Women Only. 2.30 The Friday Matinee: "Just for You," starring Bing Crosby. 5.20 Betty Boop. 5.25 Crossroads. 6.00 Day By Day (Channels 6, 11, 27, 42, 59 and 60). 6.00 Scene South East (Channels 10, 43, 84 and 66). 6.35 Husband of the Year. 7.05 Romany Jones. 7.35 The Friday Film: "Love Hate Love," starring Ryan O'Neal. 10.30 A Southern Report. 11.00 Salute. 12.00 Southern News Extra. 12.10 a.m. Untamed World.

TYNE TEES

9.40 a.m. Starting Point. 11.30 Marloo The Red Kangaroo. 11.50 Kiri The Clown and The Magic Pencil. 2.30 p.m. "A Fine Madness," starring Sean Connery and Jean Seberg 4.20 The Count of Monte Cristo. 6.00 North East News 6.05 Division. 8.00 Salute. 10.30 Sportstime. †11.00 The Friday Night Film: "The Face at the Window," starring Tod Slaughter. 12.10 a.m. Late News Headlines. 12.15 Open Bible.

ULSTER

1.20 p.m. Ulster News Headlines. 2.30 Out of Town. 3.00 Friday Matinee. "Seven in Darkness," starring Milton Berle. 4.18 Ulster News Headlines. 5.20 The Amazing Chan and the Chan Clan. 6.00 Summer Reports. 6.25 Police Six. 7.30 Kung Fu. 8.30 Romany Jones. 11.30 Streets of San Francisco.

WESTWARD

12.25 p.m. Gus Honeybun's Birthdays 1.20 Westward News Headlines. †2.30 The Friday Matinee: "September Affair," starring Joan Fontaine and Joseph Cotten. 5.20 Untamed World. 6.00 Westward Diary and Sports Desk. 7.30 Kung Fu. 8.30 Romany Jones. 11.30 Westward Late News. 11.33 Night Gallery. 11.55 Faith For Life.

YORKSHIRE

11.30 a.m. Marloo—The Red Kangaroo 11.50 Cartoon Time. 1.20 p.m. Calendar News. †2.30 The Friday Film: "Once Upon A Honeymoon," starring Ginger Rogers and Cary Grant. 4.25 The Count of Monte Cristo. 5.20 Follyfoot. 6.00 Calendar. 7.30 Romany Jones. 8.00 The FBI. †11.30 The Friday Film: "The Marked One," starring William Lucas.

RADIO 1 — 247m

(S) Stereophonic broadcast.

6.00 a.m. As Radio 2. 7.00 Paul Burnett. 9.00 Tony Blackburn. 12.00 Johnnie Walker including 12.30 p.m. Newsbeat. 2.02 Ed Stewart (S) also on VHF. 5.00 Newsbeat. 5.15 Rosko's Round Table. 7.00-12.33 a.m. As Radio 2.

RADIO 2 — 1,500m and VHF

6.00 a.m. News Summary. 6.02 Simon Bates (S) including 6.15 Pause for Thought. 7.02 Terry Wogan (S) including 8.27 Racing Bulletin and 8.45 Pause for Thought. 9.02-11.30 Pete Murray's Open House (S) including 10.30 Waggoners' Walk. 11.30 Jean Challis (S). 1.50 p.m. Sports Desk. 1.55 Good Listening (VHF). 2.02 Ed Stewart (S) as Radio 1, but including on 1,500m only (also 202m Scotland) 2.45, 3.45 and 4.45 Sports Desk. 5.02 Waggoners' Walk. 5.17 Sam Costa (S) including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 Just For Fun. 7.30 Sports Desk. 7.32 John Fox conducts the BBC Radio Orchestra (S) 8.32 Friday Night Is Music Night (S). 10.02 Sports Desk. 10.05 Len Jackson (S) with Music Through Midnight including 12.00 News 12.31 a.m. News Summary.

RADIO 3 — 464m, Stereo & VHF

‡ Radio 3 only

7.00 a.m. News. 7.05 Overture: Rossini, Haydn, Grieg (S). 8.00 News. 8.05 Morning Concert: Mozart, Beethoven, Dvorak (S). 9.00 News. 9.05 This week's composer: Schumann (S). 9.55 BBC Northern Ireland Orchestra (S). 10.35 German and Italian Baroque Music, part 1: Buxtehude, Telemann, Caldara (S). 11.30 Words . . . David Martin reflects on some of the things we say and write. 11.35 Baroque Music, part 2: Handel, Bach (S). 12.15 p.m. BBC Northern Symphony Orchestra, part 1: Haydn Bax (S). 1.00 News. 1.05 Playbill (S). 1.20 Concert part 2: Rimsky-Korsakov (S). 2.10 Violin and Piano Recital (S). 3.00 Interval Reading. 3.05 Recital, part 2. 3.45 John Alldis Choir. 5.00 Great Pianists. ‡5.45 Homeward Bound. ‡6.05 News. ‡6.10 Homeward Bound (continued) ‡6.30 Study on 3. 7.30 Mozart, Wolf and Schumann songs recital (S). 8.25 The Two Kiplings (talk). 8.55 Orchestral Concert: Mozart, Prokofiev (S) 10.10 Birth of an opera: "Eugene Onegin" (S) 11.25 News.

Radio 3 (VHF only)—6.20 to 7.00 a.m. and 5.45 to 7.30 p.m. Open University.

RADIO 4 — 434m, 330m, 285m and VHF

6.20 a.m. News. 6.22 Farming Today. 6.40 Prayer for the day. 6.45 Today, including 6.50 and 7.50 VHF Regional News. 6.55 Weather, programme news. 7.00 News and more of Today, including 7.27 Sportsdesk and 7.35 Today's Papers. 7.45-7.50 Thought for the day. 7.55 Weather, programme news. 8.00 News and more of Today. 8.30 Yesterday in Parliament. 9.00 News. 9.05 Voice of the People. ‡10.00 News. 10.05 Checkpoint. 10.30 Daily Service. ‡10.45 Morning Story from Northern Ireland. ‡11.00 News. ‡11.05 Poetry Prom: Sir John Betjeman. 12.00 News. 12.02 p.m. You and Yours. 12.27 Twenty Questions. ‡12.55 Weather, programme news, VHF (except London and SE) Regional News. 1.00 The World at One. 1.30 The Archers. 1.45 Woman's Hour (‡ from 2.00). ‡2.45 Listen with Mother. 3.00 News. 3.05 Afternoon Theatre. 4.00 News. 4.05 Any Answers? 4.35 Story Time. 5.00 PM Reports. ‡5.50 Financial Report, VHF Regional News. ‡5.55 Weather, programme news. 6.00 News. 6.15 Brain of Britain 1975. 6.45 The Archers. 7.00 News Desk. 7.30 Pick of the week. 8.30 Any Questions? 9.15 Letter from America. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight: News, including Friday Special. 10.45 A Book at Bedtime. 11.00 The Financial World Tonight: Radio 4's International Business Report, Market Trends. 11.15 Today in Parliament. 11.30 Week Ending . . . 11.45 News.

For Schools (VHF only)—10.00 a.m. to 11.40 a.m. and 2.00 to 3.00 p.m.

BBC Radio London — 206m and 94.9 VHF

6.00 a.m. As Radio 2. 6.30 Rush Hour. 9.03 Downtown. 11.03 In Town. 12.03 p.m. Call In—1. 12.45 London News Desk. 1.03 Call In—2. 2.03 206 Showcase. 3.45 The Jobfinders. 4.03 Lobby. 4.32 Home Run including London News Desk at 5.00, 6.00, 6.30 Sportsfield 7.00 In Town. 8.00 Good Fishing. 8.30 London Country. 10.03-2.00 a.m. Popshop.

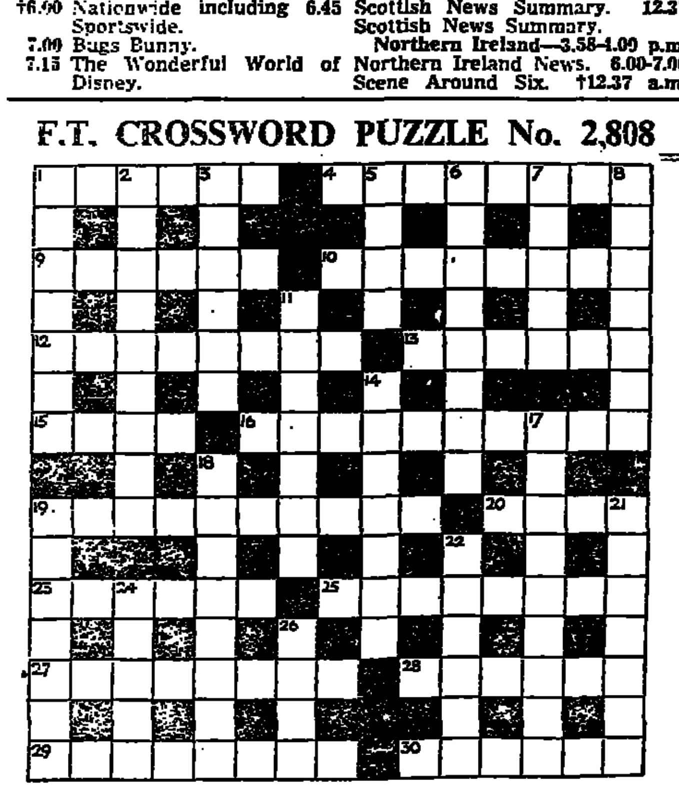
London Broadcasting — 261m and 97.3 VHF

6.00 a.m. "AM": London's breakfast-time news show, with interviews, traffic and travel service, plus sport. 9.30 Parliament from the inside—LBC's report on the House of Commons. 10.30 Open Line—London talks to George Gale. 12.00 Newswatch. 6.00 p.m. Newsbreak. 7.30 Music in Stereo—Jazz. 9.00 Love in London. 1.30-6.00 a.m. Nightwatch—News every half-hour.

Capital Radio — 194m and 95.8 VHF

6.30 a.m. Kenny Everett with 3½ hours of music and madness. 9.00 Michael Aspel with music, Features, Advice and Swopshop. 12.00 Cash on Delivery with Dave Cash and Music. 3.00 p.m. Roger Scott with Music. 7.00 London To-day. 7.30 Open Line: Allan Hargreaves presents Meet Your MP. 9.00 Nicky Horne's rock show. 11.00 Tony Myatt's late night on Capital. 2.00 a.m. Night Flight.

F.T. CROSSWORD PUZZLE No. 2,808



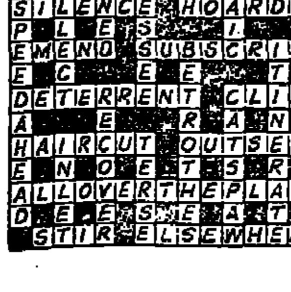
ACROSS

1 In this way a hundred grow old in land tenure (6)
4 Well bowled at the racecourse (8)
9 Gear seen at Twickenham (6)
10 Support excellent in the North (8)
12 In the end the cord is interlaced (8)
13 Lazy fellows in numbers following the doctor (6)
15 A case to match (4)
16 Sailor back in Indonesian islands has a gay time (10)
19 Preponderance of coppers about Val (10)
20 Disregard the order before it (4)
23 Dance and maxim set us a puzzle (6)
25 Facial adornment bound to give pain (8)
27 A good shot spots his quarry (8)
28 Get the company in this place to be consistent (6)
29 Swinging crowd from the South for a pastor (8)
30 "O for a —— full of the warm South" (Keats) (6)

DOWN

1 You must not miss these models (7)
2 When the commander gets at the cereal, it leaves a mark (9)
3 A citizen of credit and renown (6)
5 I don't really give a boot for the emperor (4)
6 Sugar township attracts a couple of artists (8)
7 Not an earl, but belted (5)
8 Hardy rulers (7)
11 Always in debt but looked up to (7)
14 A boat to keep up—what sauce (7)
17 It is up to me to supervise what keeps us punctual (4-5)
18 His was just half a tribe (8)
19 Dad takes the squeeze as something for the night (7)
21 Sailor gets round the barmaid in the Constellation (3, 4)
22 "Not unbecoming men that —— with gods" (Tennyson) (6)
24 English saint loses direction in the defile (5)
26 Salmon that got away from Henry (4)

SOLUTION TO PUZZLE No. 2,807



C—Cloudy. T—Thunderstorm.

Trevor Humphries

Three Falstaffs: Geraint Evans in Verdi's 'Falstaff' at Covent Garden, opening to-night; Peter Schofield in 'The Merry Wives of Windsor,' which opened last night at the Mermaid; and Brewester Mason in 'Henry IV, Part 11,' which opens at the Royal Shakespeare Theatre next Tuesday

Queen's

Ardèle by B. A. YOUNG

Anouilh rates *Ardèle* as a *pièce rose*.

It is about the nature of love; yet each character we see has a barrier shutting him or her away *from* the loved one. General St. Pé loves the housemaid, but propriety intervenes. His wife loves him, but jealousy has driven her mad. The Countess *loves* her *lover Villardieu* but they never achieve privacy; the Count, poor fellow, loves his wife but is cut off from her by the gentlemen's agreement he has made with Villardieu. The General's son Nicholas loves his elder brother's wife. The two little children play at love; it gives such a fine excuse for a rough-house.

The play ends with a double suicide. A *pièce rose*? Yes, certainly; for in charting the rocks that line the course of true love, Anouilh has mapped out how love should go. It is true *that he has demonstrated* what almost insuperable difficulties prevent its fulfilment; but there *is* true love in the play. It is the cause of the suicides, naturally.

Charles Gray plays the General, tall, upright, grey-whiskered, ever at the mercy of the peacock screams of his wife in her bedroom. It is a splendid performance that lends understanding even to his vulgar flir*tations with the maid because* the fundamental loyalty to his mad spouse is always perceptible. He has a long *scene-setting* speech in the first act that could be dull; but as he moves around Alexander McPherson's glittering black-and-gold set (worth a visit *on its own) he makes it all so* touching, so human and so funny that I would gladly have had *more*.

The General has called a family conference to confide a crisis. His sister the Countess and her two attendant gentlemen have motored for the occa-

The Entertainment Guide is on Page 33

sion direct from the Casino, so are in evening dress all day—the date is 1912. Tucked in the wings *until Anouilh needs them*—the play is a masterpiece of construction—are Nathalie, wife of the General's eldest son, and Nicholas: Lalla Ward and Robin Halstead, the incarnation of young love.

The *crisis is kept behind a* locked door; one character after another tries to solve it through the panels. Coral Browne, resplendent as the Countess in a beautiful gown by Robin Fraser-Paye, progresses unsuccessfully *from a wheedle to a command to* a dignified closure. Vincent Price, the Count, produces argu*ments about love and companion*ship in a voice as bland as double cream; the door remains shut. Only when the worst has happened does Villardieu (Allan *Cuthbertson) the dashing mili*tary man, break it down with his shoulder.

It is a pleasure, at a time when there is so much pessimism about the theatre, to see for the second time in a week a production as lavish as this of a play concern*ing the preoccupations, however* trivial, of adult, civilised people. Frith Banbury's direction keeps the humour under tight control though he allows us to plunge deeply into the emotions; he makes fine use too of the set, placing his characters unerringly at the most telling places.

Two of them are kept in reserve until the final scene. They are the General's wife (Elizabeth Tyrrell), who makes a sortie from her room for an effective *public breakdown. The other* is Ardèle. Ardèle is the *Countess's elder sister.* She is a hunchback. She has fallen in love with another hunchback. Sympathy may be found for most forms of illicit love; but for such *a monstrous case as this repres*sion is clearly the only move. Hence the shots behind the door.

Cinema

Verismo by NIGEL ANDREWS

The Mattei Affair (U) and Knots (A) — Gate Cinema

Where's Poppa? (X) and The Groove Tube — ABC General Release

The Man Who Loved Cat Dancing (X) — Plaza Two

More than any other film-makers in the world, the Italians have the gift of giving to fiction the immediacy of a newsreel report. In the neo-realist tradi*tion of post-war* cinema, Francesco Rosi must be hailed as the rightful heir to Roberto Rossellini, and his film *The Mattei Affair*—a dramatised account of the events leading to the death in October 1962 of Enrico Mattei, president of Italy's powerful state-owned oil organisation ENI—is a piece of investigative cinema as enthralling as any one has seen in recent years. From no other country could come a film which so brilliantly combines "you-are-there" realism with deftly-structured narrative and a clear-headed exposition of the political issues involved.

Enrico Mattei's claim to fame as a public figure in the Italy of the 1950s was the overtly political use he made of his control over a big industrial organisation. Not only did he trade with the Third World oil-producing countries on terms more favourable to them than the 50-50 arrangement then *offered by America and the rich* European nations, but he also set out to use his own countries lately-discovered methane resources as a way of spreading *employment and profit among* poorer areas of Italy and Sicily. As a result he rubbed both the CIA and the Mafia up the wrong way (and, by his aggressive *interest in Algerian oil*, the French also), and speculation has been rife ever since his death in 1962 as to whether the aircraft disaster in which he died was an accident or an act of deliberate sabotage.

Rosi opens and closes the film with scenes depicting the accident and its aftermath: the blaring sirens, the muddy field *strewn with wreckage, the re*porters and policemen sifting through the debris to find a clue to the truth behind the tragedy. Between these scenes, Rosi's film takes the form of a giant flashback, a mosaic of episodes from *Mattei's life which attempts to* illustrate the odd blend of megalomania and political altruism that defined his

Gian Maria Volonte in 'The Mattei Affair'

character. Was Mattei a socialist in capitalist's clothing? Or was *he a power-seeker to whom the* adoration of the people was more gratifying than the approval of his social and political peers?

The strength of the film is that *it provides no answers, simply a* chain of fascinating and endlessly provocative questions. Mattei is cast as his own apologist, and much of the film is taken up with debates between the central character and the various antagonists that Rosi sets up against him: reporters, politicians, industrial leaders and, in the most remarkable sequence of all, an Italian minister who accompanies Mattei on a whirlwind tour, by private plane, of the key oil sites that feature in his industrial empire. Against *a backcloth of glittering refiner*ies, of boundless deserts, of flames licking the Sahara sky, Mattei expounds his belief in the untapped wealth and political power that lie in the yet inexpert hands of the Third World *oil* nations. "If I don't succeed," Mattei says to his companion, "the people with oil under their feet will."

Three years have passed since *Rosi's film was made, and its* prognostications of a turn in the political balance between the oil-producing and the oil-consuming nations have proved disturb*ingly accurate.* Whether he was a hero or a villain, Mattei was clearly something of a prophet: a man with his finger on the pulse of political change, and one who in Gian Maria Volonte's overwhelming central performance—bullying and conciliatory by turn: intelligent, conceited, wolfishly aggressive—emerges as a kind of latter-day Citizen Kane: a man visibly pressing against the confines of a society in *which narrow minds and narrow* visions outnumber, and in the end overpower, the forces of individual genius.

★

Sharing a double bill with *Rosi's film at the Gate cinema* is David Munro's *Knots*, a film adaptation of the recent Actors Company stage production which brought R. D. Laing's book to theatrical life as an inventive, free-style vaudeville entertain*ment*.

Laing's verbal conundrums, defining and poking fun at the emotional tangles in which human beings get caught, suited *the mixture of pantomime and* music hall backchat that the Actors Company brought to their stage version. The film is less successful. "Opend out" to include scenes *of rehearsal*, backstage chatter, and coach journeys to and from theatrical engagements, it fails to reconcile the mathematical formality of Laing's word puzzles with the offhand realism of its picture of *a company on tour.* The presence of Laing himself, glimpsed sitting in the empty auditorium during rehearsals, seems to be used as a kind of imprimatur, or benediction, on the proceedings. But since the writer's gnomic expression never quite lets on whether he likes what he sees or not, it underlines rather than *resolves the doubts of an uncom*mitted viewer. First seen in a shortened version on the BBC 2 arts programme, Full House, the film remains to my mind much more effective as a straightforward record of the play than *when attempting to transform it* into a new and intrinsically filmic experience.

★

For aficionados of offbeat *American comedy*, there is an enjoyable double bill currently on General Release. *Where's Poppa?* has been around for some years now, but it has lost none of its *original freshness and bite.* Directed by Carl Reiner, it is the story of a young man (George Segal) whose love life is mercilessly and systematically sabotaged by the caprices of his widowed mother (Ruth Gordon). One girl after another is driven from their apartment by the latter's antics—which include *feigned senility and outbursts* of bawdy scandalmongering—and Segal's only friend-in-need is a married brother who gallantly charges across Central Park, *whenever summoned, to help his* brother take their ageing parent in hand. Even he has his problems, however—to wit, a gang of muggers who lie in wait for him *in the Park, and who accost him* with such metronome regularity that he ends by preparing himself for each outing with a sacrificial wad of dollar bills.

George Segal and Ruth Gordon are splendid value in the central roles, and Ron Liebman no less so in that of the brother. The film comes over, at its best, as a *kind of cross between the* comedy-of-disenchantment of Neil Simon and the surrealism of Mel Brooks. And there can be no higher praise than to say that the film is *often every bit* as funny as both.

Ken Shapiro's *The Grove Tube* is a bewildering mish-mash of satirical ideas, some of them funny, some of them less so, that sets out "to lampoon *American TV, culture and life* style." The film is as variable, and about as indigestible, as an entire evening *spent in front* of the television. It had a runaway success in America last year, and at its best it has an engagingly frontal approach to parody: unsubtle but effective skits on *2001*, on a Children's *Hour show, on a TV cooking* programme. At its worst—an episode from a spoof crime series called *Drug Dealers*—it extends a thin joke to breaking point and seems to rely on a series of American TV in-jokes that are *inaccessible to viewers* from across the Atlantic. The freewheeling style is attractive, but it needs a lot more invention than this to keep it going for 80 minutes.

★

Scarcely more coherent as a film is *The Man Loved Cat Dancing*. This rambling, muddily-photographed Western stars Burt Reynolds as a train robber *on the run*, and *Sarah Miles* as the girl who pitches in with him and his gang after she has accidentally witnessed their robbery. Nice locations and a *strong supporting cast* (Lee J. Cobb, George Hamilton) give things a promising start, but the story dwindles all too soon into a series of shootings and *killings designed solely. It would* seem, to clear the screen for Mr. Reynolds and Miss Miles to fall into each other's arms before the final credit. Richard C. Sarafian directed: Eleanor Perry wrote the screenplay.

Sadler's Wells Theatre

Viewers by CLEMENT CRISP

Four more ballets new to London in the Nederlands Dans *Theater* programme on Wednesday, and we cannot complain of any want of novelties during the season, or lack of variety. NDT's willingness to try anything, to *seek the novel and exciting*, may lead them sometimes astray—it has done thus far this season—but there is a vitality, and curiosity about dance in the theatre, that *is a marvellous* constant in the company's 15 years of existence.

Wednesday's offerings comprised mimsy pointwork as well as girls *clumping about in boots*, and if there was little to commend in the details of the ballets, their range of endeavour was entirely praiseworthy. Jiri *Kylian's Viewers has a set by* William Katz featuring a series of blocked doors, only one of which opens. It has some significance for Mr. Kylian, and for *the dancers who enter through it*, but no discernible reason for the audience. Frank Martin's *Petite symphonie concertante* is the score; the dancers come and go dutifully enough to its rhythms; Mr. Kylian provides some attrac*tive off-beat decorations to* otherwise plain but wholesome movement, and at the end I found myself wondering what point there was to the entire exercise.

Next Don Asker's *Status Quo*, *danced in silence by Svea Eklof* and Frans Vervenne. It is one of those love/hate affairs in which *the participants demonstrate* mutual attraction and repulsion, and which always begin and end with the dancers in the same tangled pose. In between, they have been fraught and impassioned, and the choreography, as so often, seems always well-made but predictable.

About the succeeding *Noble et Sentimentale I find myself feel*ing rather tetchy. I can seen no justification in Hans van Manen's making Ravel's delicately evocative waltz sequence the basis for a *lumpy* encounter between Gérard Lemaitre and four girls so hideously costumed they might be part of the Hell Formation Dancing Team. The girls' style looks dull, un-nuanced, their arms particularly inexpressive; *they swirl and swoop about with* M. Lemaitre, and there is little sentiment and less nobility in the dances.

Finally *An American Beauty Rose*, Jennifer Muller's indictment of those capering teams of cheer-leading girls who are an integral part of American football games. To an ear-splitting, clattering score by Burt Alcantara, we see an inept and disgruntled team of young women variously driven to rebellion and death thanks to *the pressures of their search for* the rigidly conformist beauty required by their society. The piece is dance-theatre rather than ballet, relying upon earnestness *and angst to achieve its effects*, but it boasts a splendidly neurotic performance from Arlette van Boven as commandant of these Mädchen in Uniform, revealed at last in an apotheosis as the Statue of Liberty. I remain to be convinced that such social tracts are a satisfactory basis for ballet.

Festival Hall

Richter by DOMINIC GILL

Sviatoslav Richter's recital on Wednesday evening—an exact repetition of the Beethoven pro*gramme* he had given at Aldeburgh last week—balanced on a knife-edge the strangest combination of the sublime with the not quite sublime; brilliant success with *marginal* miscalculation: brief moments of banality or *hesitation with the most* potent force, and with searing flashes of insight. But such, after all, is the stuff of any great recital, this imperfection of *genius—the near-misses (think of* Rubinstein's, Serkin's, Michelangeli's, Rakhmaninov's) which in some miraculous way serve not to distract, but actually to fill out our picture of the artist, and to speak almost as power*fully in their own fashion as the* direct and palpable hits. Whatever reservations one may have had—and as the hours passed after the recital, they dimmed quickly—there was never any doubt, from first to last, that we *were in the presence of a master.*

He began with the C major sonata op. 2 No. 3, the opening *con brio* etched in fierce black and white—hard sforzandi and *staccato, vividly contrasted with* a melting *una corda* second subject. The adagio was majestic, utterly simple—but for all its simplicity, drawn in marvellous *detail (to transpose the expres*sive sforzandi from the last page to the first may not be authentic, but it was a master-stroke). The scherzo was sweet and light; and then a finale stretched taut to breaking point, lit with brilliant fingerwork, licked by fire—but was there not also a certain stiffness here, a lack of buoyancy, a sense of holding back, behind the notes?

Certainly there was no sense of reserve, except a gentleness and restraint that was entirely apt, in Richter's account of three of the six op. 126 Bagatelles: the first magical—can any other pianist *in* the world make a simple mezzoforte melody sound so exquisitely fine, without the use of any obvious expressive trick or device? The fourth, an extraordinary, *explosive* lyrical tour de force, a miracle of compression and concentration, fast, furious, but needle-sharp; and the last, framed by its presto prologue and epilogue, a ray of *light in darkness, profoundly* loving, profoundly sad, very moving. An odd choice, though. The first, fourth and sixth Bagatelles form an adequate trio of a sort: but it would surely have been a more complete experi*ence, and still more satisfying,* to have heard them all.

There is no reason, in terms of sound, why any pianist should not seek to minimise the risk of that great left-hand jump of more than two octaves at the very start of *the Ham*merklavier sonata by taking the low B-flat with his right hand. Visually, however, the gesture is far less dramatic, generates *far less tension: and perhaps it* was significant after all that Richter chose this easier way—for his Hammerklavier first movement, masterly in many respects, seemed not to catch *the whole* weight of violence and tension of the music, the sense of titanic struggle, the *brute force and magnificence* of the argument. Behind the notes, once again, a hint of blandness, of inscrutability, difficult to describe: a sort of reserve *that was not yet quite reserve*, but more a kind of hesitation, an unwillingness to risk the essential all.

His scherzo I found just too slow to be a real *assai vivace:* odd, interesting, but a little too laboured, *without quite enough* crystalline lightness, for the dramatic context. But in the slow movement—the still-moving heart of the sonata, poised between movement and stillness—the playing was transfigured. *Not a bar, nor a note, nor a* quantum of energy, was misdirected in this most beautiful, and on its own terms entirely convincing, account—which *spoke not of spiritual struggle,* but sweet (and even at its most poignant, barely anguished) resignation. The finale had *wonderful* clarity and unstoppable momentum: but it also lacked, as the finale of op. 2 had done, a kind of inner buoyancy and fire, absolute self-sufficiency *of energy. There was an over*whelming sense, as the fugue ended, that if only Richter could have sat down straight away and played it again, the current was there, the catalyst was struck, and the music would come *together perfectly.*

And he did exactly that. The fugue, played again as an encore, with redoubled attack and not a trace of tiredness, was an example of *all it should be:* straining at the limits of the *instrument* and the bounds of the stave tumultuous, urgent, yet perfectly cogent, perfectly clear. A flawed but great performance of endless resonance whose echoes still *ring in the mind.*

Aldeburgh Festival

Gibbons to Tippett

by GILLIAN WIDDICOMBE

Wednesday's concert at The Maltings was a birthday tribute to Sir Michael Tippett, discreetly tracing (as Aldeburgh concerts often do) the heritage on which a composer has based his work. The subtitle here was The English Tradition, and to precede Tippett's first string quartet the Allegri Quartet played a selection of string fantasias by Gibbons and Purcell.

Bearing in *mind* Tippett's early orchestral works, one might argue that he owes at least as much to the Italian style of concertante string weaving as to English string traditions; and of course his most recent symphony is deliberately based *on* Beethoven-like thrust and texture. But the early quartet (his first published work, dating from 1934) is quite a simple polyphonic work, with a good deal of unison thought and dissonant strides comparable to the old English contrapuntalists. Interesting that the Allegro first movement, a later substitution, *proved much stronger than even* the acid adagio, in the Allegri's performance.

The 17th century pieces were nicely tied together, with two of Gibbons' cheerful, energetic pieces forming a framework for three long, elaborate Purcell *fantasias in minor keys.* The Allegri played these anachronistically—they need the cool burr of the viol family, really—but kept a vibrato plane, and phrased elegantly.

The two song cycles were both *war-worn works:* Tippett's *The Heart's Assurance* and Vaughan Williams' *On Wenlock Edge.* Robert Tear sang Tippett's harsh, powerful songs first, admirably marking the bitter, flamboyant word setting of *sombre poems by* Keyes *and* Alun Lewis; and Philip Ledger brought out Tippett's inimitable trick of writing a piano part that is full of vigour and chatter, *often unrelated to the vocal line.* The songs do relate to Vaughan Williams certainly: to VW's harmonic habit of brooding around a vague tonality, then landing on the tonic squarely; but heard after the Tippett *On Wenlock Edge*, sounded unusually lightweight.

The title song, elegant, Ravel-like; the broken chords beneath the second song, fit for an Edwardian salon; and the *question-and-answer format of* "Is my team poughing?" borrowed from the Lieder tradition.

WORLD TRADE NEWS

Lagos port congestion worse: 180 ships wait

By Our Own Correspondent

LAGOS, June 19.

PROLONGED CONGESTION at Nigeria's main seaport at Lagos has deteriorated again, and about 180 ships are now waiting for berthing space, port sources state.

The latest bunching was being tackled vigorously by a special task force set up by the Federal military Government, it was said, and made up of senior cabinet ministers.

The Lagos port complex, which is handling twice as much cargo as it was designed for, has been plagued with congestion since last year. But a major port expansion programme is underway to eliminate perennial build-up of ships.

World plastics output lower

By John Wicks

ZURICH, June 19.

WORLD PLASTICS production reached an estimated level of 41m. metric tons last year, against 40m. in 1973, it was stated at a Press conference here in connection with the International Plastics and Rubber Fair to be held at Düsseldorf in October. Consumption per capita is believed to have risen from 10.5 to 10.7 kilos over the year.

In the federal republic, said Herr Henner Bornemann, director of the German Association of Plastic Producing Industry, output this year was expected to drop to about the 1972 level of 5.47m. tons. That was some 15 per cent. below the provisional 1974 output figure of 6.38m.

World production this year, he thought, might fall by about the same percentage or even rather more. A similar recessionary period is expected for synthetic rubber as for plastics proper.

Canadian transport system overhaul will cost up to $44.5bn.

BY VICTOR MACKIE

OTTAWA, June 19.

Legislation will be introduced to remove the anomaly of some freight rates for long haul movements being cheaper than for short haul movements of similar products in the same direction, M. Jean Marchand, the Minister of Transport, told the Commons when announcing his new national transport policy. The policy involves spending between $33bn. and $44.5bn. over the next 15 years.

He noted that rail and air passengers had their fares subsidised while bus passengers at the low end of the income scale had to pay their own way without subsidy.

The Government intends to move towards a better system of passenger service, making the best use of air, bus and rail modes and of public and private carriers to remove such inequities.

"It is our belief that with sensible planning Canadians can have better passenger services which eventually can be financially self-sustaining except in remote areas," Mr. Marchand said.

He expects to be in a position to introduce amendments to the present National Transport Act by the end of this year. The target date to have them passed is June, 1976, but officials here conceded it might take a year or even two more years before the amending legislation has been approved and enacted.

The Minister promised high-speed trains for inter-city travel, ships to the high Arctic and predicted higher travel costs for consumers. He explained that the Government must have overall responsibility to ensure that the whole system developed in a way that met national needs. To that end he would introduce legislation taking away policy-making decisions from the Canadian Transportation Commission and turning it back to the Transport Minister. Much of the planned expenditure, he added, would have to be carried by consumers through higher travel and shipping costs.

Iran against SDR link

TEHERAN, June 19.

IRAN now opposes adopting the International Monetary Fund's (IMF) Special Drawing Rights (SDRs) to set oil prices.

Iran's oil Minister Gamshid Amuzegar said in an interview that at the next meeting of the Organisation of Petroleum Exporting Countries (OPEC) in September he will ask the members to consider an alternative to both the U.S. dollar and SDRs.

OPEC members decided at a meeting in Gabon earlier this month to give up the weakening dollar and start using SDRs after their September meeting. Their aim was to protect their oil earnings against dollar fluctuations.

The SDRs are based on a basket of currencies providing balance when one of the included currencies rises or falls. The dollar is just one currency in the SDR basket. If it strengthens, the effect of oil prices calculated in SDRs would be much less advantageous than if they were still calculated in dollars.

"If the U.S. dollar improves, and it is improving now, we, as producers, will lose much if we calculated in SDRs," Mr. Amuzegar said. The solution was to calculate oil prices in dollars but under a system in which inflation, as measured by prices of certain commodities, would be taken into account, he said. AP-DJ

Algeria may cancel major deals with France

PARIS, June 19.

BARELY TWO months after President Giscard d'Estaing's triumphant State visit, Algeria is showing increasing irritation over what it feels is France's complete indifference to the worsening trade imbalance between the two countries.

After the collapse of the planned lorries-for-oil deal with the truck company Saviem, the Algiers regime is now threatening in thinly-veiled terms to "reconsider" three major contracts worth some Frs.7bn. (£771m.) which had been awarded to French companies.

The deals affected, according to reliable reports here, involve a car plant at Oran with an output of 100,000 units annually, a tyre factory and a pharmaceutical products complex. In addition, there is talk of curbs on other French exports, should matters not improve.

Up to a point, the dispute concerns the deficit Algeria has incurred with its largest trading partner and former colonial power. In the first quarter of 1975 Algerian statistics showed French imports reached only Frs.670m. (£74m.) while exports soared to Frs.2.3bn. (£253m.).

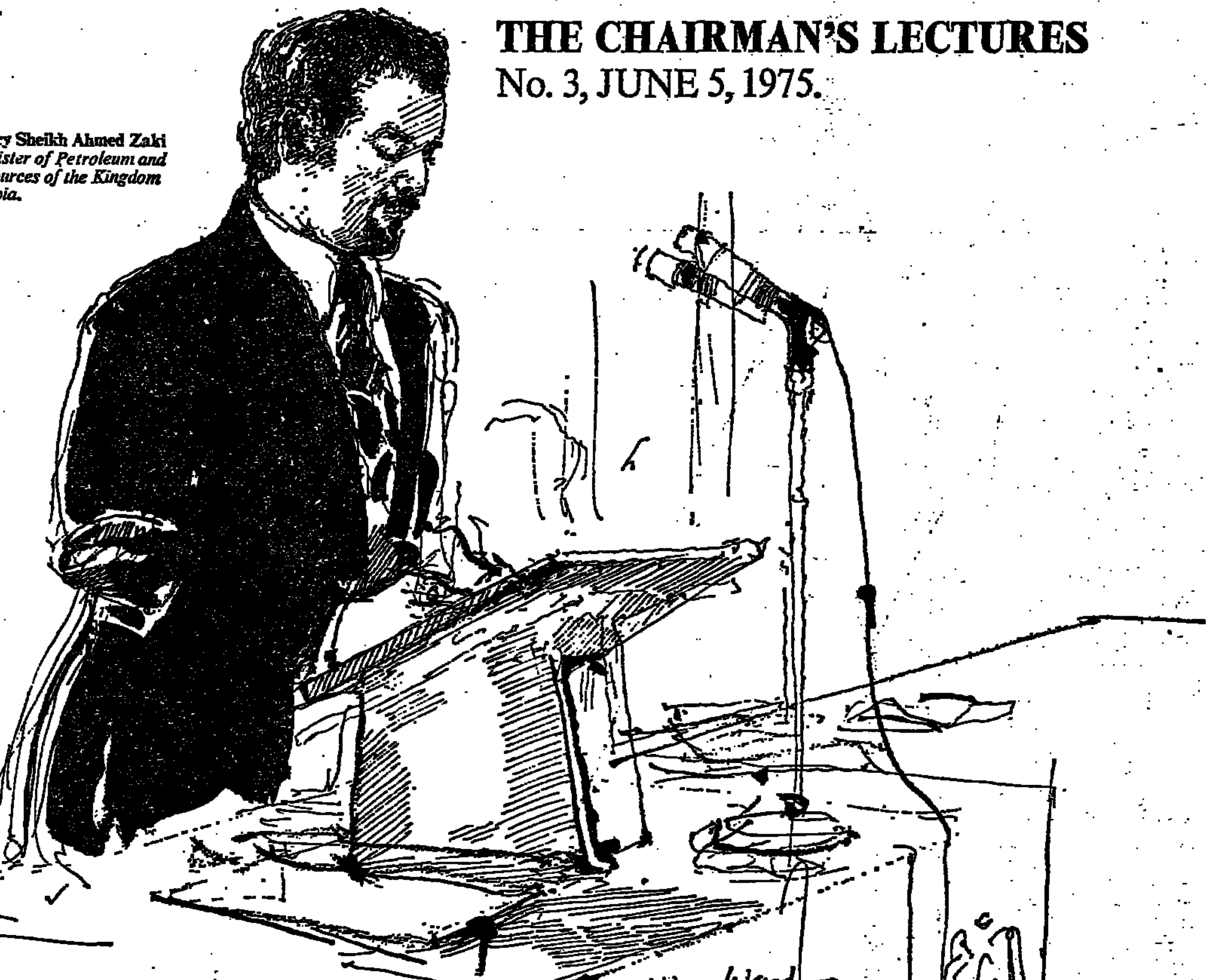
This week, M. Michel d'Ornano, the French Minister of Industry, is paying a two-day visit to Algeria, and the concessions he offers over trade could be vital to safeguard the Frs.15bn. (£1.65bn.) or more of orders French groups have won.

The wider issue, however, is how Algeria can sell its oil, which at $11.75 a barrel is not competitive with Gulf and Libyan crude in the present depressed state of the international oil market.

M. d'Ornano, is likely to face keen pressure to step up French imports of oil, which now run at an annual rate of less than 4m. tons.

The reported decision of Tripoli to cut the access cost of its own crude to $10.90 makes it increasingly probable that Algeria will have to take a step in that direction: all the more so since the slump in its oil output has thrown the financing of its ambitious current development plan into jeopardy.

THE CHAIRMAN'S LECTURES
No. 3, JUNE 5, 1975.



His Excellency Sheikh Ahmed Zaki Yamani, *Minister of Petroleum and Mineral Resources of the Kingdom of Saudi Arabia.*

'If world demand falls, Saudi Arabia would cut oil production, not oil prices'

The Chairman's Lectures provide a platform for world figures to express their views on subjects of vital importance to us all. In the most recent lecture at the London Stock Exchange, Sheikh Yamani warned the world not to expect a cut in oil prices.

Sheikh Yamani emphasised the fact that supplies should not be determined by producing capacities but by the producers' revenue requirements.

"Although Saudi Arabia has authorised a production level of 8.5 million barrels per day, its requirements do not warrant more than 3.5 million barrels per day. In other words we are now overproducing and not underproducing as some of the consuming countries seem to believe.

"Here I wish to clarify that OPEC will not reduce prices except whenever it deems such action appropriate . . . in return for corresponding benefits provided to the producers by the consumers. Such a situation cannot be brought about by any conservationary measures taken by the consumers."

He warned, too, that unless production were cut back, free world oil reserves both discovered and undiscovered could run out within 40 years. It was thus in the interests of Saudi Arabia, with its vast surplus income, to produce less. It is also imperative for the world to reduce production of conventional crude by the late 1980's, but it remains to be seen whether by then synthetic crudes could fill the gap. Certainly in the short term, alternative sources of energy supply would have little effect.

In conclusion, Sheikh Yamani spoke strongly about a serious malady in the world economy.

"The short-sighted complacency of a few rich powerful nations so oblivious of the poverty and deprivation of the majority of developing countries must not be allowed to continue unchecked. The trends in the world that can only make the rich richer and the poor poorer must be reversed . . . to ensure the longevity of the well-being of the rich nations of today."

Copies of the complete text of his lecture are now available from the Public Relations Office, The Stock Exchange, London, EC2N 1NP.

THE STOCK EXCHANGE

Aerospace export peak

By Lorne Barling

EXPORTS BY Britain's aerospace industry reached a record £245m. in January-April, or £80m. above a year earlier and indicating an annual rate of £735m.

The U.S. remained the best customer, with China taking fourth place in deliveries of aircraft following its order for Trident airliners.

Sir Richard Smeeton, director of the Society of British Aerospace Company, gave a warning yesterday that export success could be short-lived, however, if good relations with overseas customers were not maintained.

"The present high level of exports reflects deliveries on contracts placed over several years, and the industry is now seriously concerned over prospects of maintaining deliveries at this level in the crucial years ahead," he said.

"The threat of nationalisation, which continues after the uncertainties resulting from the period leading up to the EEC referendum, is having a damaging effect on our relations with long-standing customers overseas. There are disturbing indications that this is bringing a slow-down in the placing of new orders."

IRISH DEFICIT

By Dominick J. Coyle

DUBLIN, June 19.

A sharp improvement in Ireland's external merchandise trade, clearly reflecting the depressed state of the economy, occurred in May. The crude trade gap was £28m., or £10m. below April, and less than half that a year earlier.

It is evident that the underlying trend in volume terms has been fairly sharply downwards in the past few months, with little immediate prospect of improvement. The January-May import excess this year of £175m. compared with £259m. in 1974.

ARAB-BRITISH CHAMBER MEETS

By Our Foreign Staff

The Arab-British Chamber of Commerce, having resolved differences with the Department of Trade over its plans to monopolise the supply of certificates of origin to Arab countries, has held its first directors' meeting in London. Articles of Association were approved and a finance committee was formed to decide subscriptions.

The organisation, which hopes eventually to provide a comprehensive service to promote two-way trade between Britain and Arab countries, now has 18 directors, half British and half Arab. The chairman is Mr. Mohamed Mahdi Al Tajir, London ambassador of the United Arab Emirates. Sir William Luce, former British High Commissioner in Bahrain, is vice-chairman.

Contracts Abroad

CGCT, France, is to supply Aeroflot, Russia, with a $7.5m. computer-based communications network with five major switching centres in the Soviet Union. It will assist in handling the 4m. messages per day relating to the near-100m. passengers handled annually.

McALPINE AVIATION has chartered an HS125 business jet to Kharafi Industries Group, Kuwait, including provision of pilots, engineering/maintenance services and spares. Revenue from the deal could exceed £200,000 annually.

DYNAMIC PLASTICS, Bolton, has a repeat order worth £25,000 for corrosion-resistant plastic fans from Cuba.

Exhibitions

● An international Textile and Clothing Exhibition to display African goods will be held at Abidjan, Ivory Coast (September 20-23). Details will be given at the Ivory Coast Embassy, London, on June 26. The exhibition is being supported by 32 African countries. It is hoped to attract manufacturers, buyers and designers from Europe and the U.S., and that investors from developed countries will set up production lines in African countries or sub-contract work to African producers.

FT CONFERENCE: SOUTH EAST ASIA SHIPPING

Shippers attack rate-fixing

BY ILSA SHARP

SINGAPORE, June 19.

WIDESPREAD REBATES under-the-counter offered by individual member lines in freight conferences made nonsense of the Far East Freight Conference's claim that higher rates were necessary to maintain reasonable profits, said Mr. Tan Eng Joo, chairman of the Singapore National Shippers' Council, to-day.

He was speaking at the opening of a two-day conference here on South East Asia shipping, jointly organised by the Financial Times, the Straits Times of Singapore, British Airways, Cathay Pacific Airways of Hong Kong and Fairplay International.

Mr. Tan asserted that rising rates were based on the operating costs of the Conference's least efficient members. He was supported by Mr. Eric Khoo, managing director, Sime Darby Shipping. He cited as further evidence of Conference "group indiscipline" the "traditional practices" of unofficial rebates ranging from 2½ per cent. to over 20 per cent. for high value or heavy lift cargoes, as well as under-declaration of cargo volumes by shippers, to which shipowners were turning a blind eye.

To-day's clash between shipowners, freight Conference groups and South East Asian shippers was predictable, with the two parties re-stating their respective positions and remaining firmly deadlocked.

Mr. H. O. Karsten, Chairman of the Far Eastern Freight Conference, maintained that no satisfactory alternative to the Conference system was available which could provide a similar frequent, continuous and stable service to shippers, at uniform rates, on equal terms. Non-Conference outsiders were not obliged to operate on normal commercial criteria, could pick and choose their cargoes and operate a limited number of ports. He welcomed the planned association of South-East Asian nations' regional shippers' council as an outlet for more consultation, but consultation would not necessarily lead to agreement.

Mr. Tan, castigating the Conference's ability to fix rates as and when they liked as "outrageous," pleaded for volume-based rates, a more sophisticated range of Conference carriers beyond the traditional liners, and greater tonnage, concluding that Conference faced imminent extinction, as did the dinosaur once.

Another thorny issue of the day was the Malacca Straits question. The Malaysian Minister of Information and Special Functions, Tunku Achmad Rithaudeen Al Haj Bin Tunku Ismail, complained of the "unconcerned attitude of the maritime community" to the environmental threat posed by supertankers passing through the Straits. Traffic density would increase by about 30 per cent. over the present 100-plus vessels sailing daily through the waterway at present, now that the Suez Canal had reopened, he said.

"Who gains most from the use of the Straits?" he asked. "Of one thing we are certain: it is not Malaysia. There is something inherently unjust in a situation where we have to assure everybody else that they would not lose anything, while remaining not at all certain that they understand you have everything to lose."

Singapore's outgoing Communications Minister, Mr. Yong Nyuk Lin, opening the conference to-day, also announced that another meeting of Singapore, Malaysia and Indonesia officials would be held in Singapore this month to discuss safety of navigation and traffic separation in the Straits.

Other speakers included Mr. Bruce Rappaport, Vice-President, Inter Maritime Bank, who urged owners and bankers in the region to "think smaller" in terms of more practical vessels than VLCCS. More fitted to the regional economy, such as log-lumber carriers and parcel tankers.

Mr. Michael Champness, Editor, World Tanker Fleet Review, and of John I. Jacobs, said the mothballing of tankers might oblige Arab oil — producing nations to subsidise Egypt over the next decade, since it might be ten years before the Suez Canal authority could obtain three-quarters of its income from oil tankers as is used to do.

Tan Sri V. Manickavasagam, Malaysia's Minister of Communications, argued against rushing into modern port facilities which soon became obsolete, and Ambassador Arturo Tolentino, head of the Philippines delegation to the Law of the Sea Conference, articulated the archipelagic principle in detail. Mr. Hussain Najadi, Chairman and Managing Director of Arab Investments for Asia, and Mr. Koh Seow Tee, planning manager of Neptune Orient Lines of Singapore.

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AMERICAN NEWS

Inflation protests threat to Argentine Government

BY HUGH O'SHAUGHNESSY

THE Argentine Government of President Maria Estela Peron faced the severest challenge made to it since it was installed last July when workers and traders started a series of protests to-day against the economic management of the country and in particular against the sharp inflationary effects of this month's 50 per cent. devaluation of the peso.

Groceries shut up shop in protest against the run on supplies by customers seeking to forestall new price rises, against the present fixed prices and against the difficulties in getting new stocks from wholesalers. The grocers' action is to continue until next Thursday.

Meanwhile labour groups began to mobilise against the sharp fall in the purchasing power of their wages in the face of the sharp new price rises allowed by the Government for *some goods and services including* petrol and public transport.

Groups of workers marching on the central squares of the capital were dissuaded by police but reports came of further marches being planned in the capital.

The deadline set by the Government for the completion of wage bargaining between employers, workers and Government expired at midnight. Few of the national wage negotiations have been completed and unions fear that the Government will take the opportunity to impose a 45 per cent. ceiling on new wage rises. The Economy Minister, Sr. Celestino Rodrigo, who was appointed earlier this *month*, announced this week that 45 per cent. would be the ceiling for employees in the public sector. Workers leaders have claimed that this ceiling is excessively low given that the annual rate of inflation is running at about 80 per cent. and are seeking rises of up to 100 per cent.

Reuter adds from Buenos Aires: The Argentine-based multi-national company Bunge and Born has distributed food and clothing worth more than $1m. to poor Argentines to help win the release of two top executives held by urban guerillas, company sources said to-night.

Brazil car industry flags

BY DAVID WHITE

RIO DE JANEIRO, June 19.

BRAZIL'S MOTOR industry, made up principally of large West German and U.S. subsidiaries, is having to scale down its growth *targets* for this year *because of the* depressed home market, which has kept sales *levels lagging behind production.*

Industry *spokesmen* believe that the planned production of 1m. vehicles this year—15 per cent. u pon last year's 858,000—may prove to be over-optimistic.

The market depression brought lower car sales in the first four months of the year for General Motors, Ford and the much smaller Chrysler subsidiary.

Industry figures show an overall 5 per cent. production *increase in the five months from* January to May to 388,200 vehicles, but much of this growth was in lorries and buses.

'Long world recession likely'

BY GUY DE JONQUIERES

NEW YORK, June 19.

THE WORLD's major industrialised *economies* will take longer than usual to pull out of recession this year and next, according to two separate studies published by Morgan Guaranty Trust and McGraw-Hill's economics departments.

The studies coincide with the *release of new* Government statistics showing that personal *income in the U.S. rose by* $9.3bn. of 0.7 per cent. last month *to a seasonally adjusted* annual rate of $1,212bn. This was the sixth consecutive monthly rise and the biggest since last September.

The figures, which measure *only pretax income and do not* therefore reflect the recently *distributed* Federal tax rebates, show an especially large *increase in private industry pay*rolls, which rose by $3.4bn. This *was also the largest increase* since September.

Both the Morgan Guaranty and the McGraw-Hill studies project *that most of the larger indus*trialised countries will suffer a *decline in real growth* in the current year and forecast that *cautious economic policies* will restrain the pace of expansion *next year.*

Morgan Guaranty also foresees a *decline in world trade* this year of as much as 10 per cent. *from* 1974 level, but suggest that a slow economic *recovery, which would help fur*ther reduce inflation rates, *could also foster* greater exchange-rate stability.

*Among the bigger Western in*dustrialised countries, both studies project that the United States will enjoy a faster than average recovery next year, with a real GNP growth of about 6 per cent. But *McGraw-Hill*, which surveys 25 countries, projects that Iran will have by far the fastest economic growth.

Meanwhile, Morgan Guaranty states that the world recession and the impact of higher oil prices may well cause an increase in the aggregate current account deficit of non-OPEC less developed countries this year over the $30bn. deficit recorded in 1974.

OECD urges Canadian prices and pay policy

By Rupert Cornwell

PARIS, June 19.

THE OECD to-day strongly urged Canada to bring in a prices and incomes policy—on a voluntary basis if possible, but statutory if necessary—to prevent inflationary wage *bargaining and* aid the recovery of the country's economy.

The advice, contained in the organisation's annual review of the Canadian economy, comes just four days before Ottawa is due to unveil a budget *designed to breathe new life* into an economy that has *suffered as badly as any in* the West from the present global *recession.*

The OECD argues that what*ever the difficulties in intro*ducing a prices and incomes policy, *such a move would pro*bably stand a greater chance of success now than for many years.

The immediate prospects for Canada as painted by the Secretariat *are far from en*couraging. This year's current account deficit is forecast at between $5bn. and $6bn., although its financing should provide no special difficulty.

Gross National Product, according to the OECD, after a 3.7 per cent. rise last year is set to show a 1.4 per cent. decline this year. The anticipated recovery in the second half will depend on a sharp upturn in Canadian exports as the world economy gets moving again, and a vigorous revival of the domestic construction sector.

The thorniest problem, however, remains that of unemployment. Even at the peak of the previous boom it did not move *below some* 5 per cent., and the forthcoming recovery will *not prevent* to-day's level of 7.25 per cent. reaching 8 per *cent. or more in mid-1976.*

UNIVERSITY OF CALIFORNIA

The hotheads cool down

BY PAUL LEWIS, U.S. EDITOR

TRANQUILLITY has descended *on the American university scene,* with conscription abolished and *the Vietnam war over. The great* radical upsurge of the 1960s *seems to have disappeared* almost as quickly as it erupted. *The economic recession* has made students apprehensive of *the future and put* a new premium on work and degrees *in a country where jobs* are scarce.

At first sight all of this seems true enough also of Berkeley, the huge university just outside San Francisco, where so much student radicalism was either born, or saw its finest flowering. To-day's habits of dress may be as studiedly informal as they are throughout California, but the university seems a serious, bustling place which regards its past reputation with a touch of irony. A student Apathy Party did *well in recent campus* elections, and the visitor is *shown with amusement the site* of the only aerial bombing in *history* of the mainland U.S. with tear gas cannisters falling among rioting under-graduates near the Bancroft Library.

All the same, it would be wrong to imagine that the change has been back to the pre-Vietnam days of fraternities, panty-raids, and an eye for a good corporate job at the end of it all. In the first place, the ideals and aspirations of the student body still bear some vestiges of the radical years, even if its voice is calmer. Second, *the advent to power of* Governor Edmund Brown in *California, with his populist* suspicion of high spending uni*versities, is forcing Berkeley*, like the rest of the State system, to *examine itself very critically.*

A good deal of work has been done on student attitudes in Berkeley over the years, and a fairly clear pattern of change seems to emerge with students becoming more independent of their parents and less respectful of existing institutions. In 1959, for instance, fully 70 per cent. of the undergraduate population considered themselves members of a major church, while 75 per cent. identified with either the Republican or the Democratic parties. No one will be surprised *to find that these figures* had shrunk to 36 per cent. and 40 *per cent. 11 years later*, although students' parents still remained *predominantly church-going* and members of a major political party.

As was also to be expected, *a rise in radical idealism accom*panied this decline in loyalty to established institutions. But once Vietnam was out of the way, the *university's* activist reputation seemed to vanish overnight and it no longer seemed a threat to existing social system. In the mid-1960s students were admitting that they had chosen Berkeley because of its reputation and because they hoped to find themselves through radical political work. More recently, traditional considerations are stressed, such as location and academic quality.

> "Surveys suggest that support for the aims, and indeed the achievements of the radical student movement remains strong . . ."

Most students now also disapprove *of the violent, confron*tational tactics of the active *years, while only 8 per cent.* consider themselves radicals. *Past heroes of the student move*ment in Berkeley have either *disappeared or decided to fight* on through the system, instead of outside it. For instance, Mr. Mario Savio is now an elementary school teacher in San Francisco and recently declined to be interviewed by the Berkeley campus newspaper on the tenth anniversary of the founding of the Free Speech Movement—one of the most celebrated radical student movements. Another of its leaders, Mr. Tom Hayden, plans to contest Senator John V. Tunney's seat next year.

Nevertheless, surveys suggest that support for the aims and indeed the achievements of the radical student movement remains strong, even though the campus may be a much quieter place than it was in the 1960s. It is perhaps not surprising that the overwhelming majority of students regard themselves as liberal when they enroll, though outside established political parties. But this *is also* coupled with a strong interest in community welfare projects of all kinds, and a high rate of active participation in them during the first two years in college. On occasions, there still are rather effective outbreaks of political activism, *though they are rare* and rather specialised. Recently both *faculty* and *students* at the Berkeley radiation centre resisted the appointment of a new director from the nearby Livermore military research centre. In a rather different vein, a lecturer in criminology was removed by common consent because his courses were felt to be insufficiently academic.

But an overall picture emerges of a student body which is still idealistic but much more inclined than its predecessors to channel its energies into local *or limited projects, and more* inclined to work through the *system than outside it. In this* connection, the evidence of a *shift away from academic disci*plines towards more practical *lines of study may be puzzling.* Law and medical schools are full to bursting in the U.S., but at Berkeley there are signs of growing support for biological and environmental studies as well as for the physical sciences and engineering, to some extent that may reflect the fact that the job outlook has never been worse for Ph.Ds in English and sociology, and that at a time of economic hardship, students may be seeking more marketable skills. But it is also possible that the good of the individual has fallen into step with the good of society, and that in picking up the disciplines with the best job prospects, students are also seeking the most practical ways of giving expression to their idealistic values. That is certainly true of many who study law and *medicine* in America to-day, and probably helps to explain the interest in environmental sciences as well.

In a way, this more disciplined mood around Berkeley is all to *the good, for the university now* finds itself having to adapt to an *unexpected political pressure* from outside the campus in the *form of the new State Governor,* Mr. Brown. When Governor Reagan was in office he had a highly publicised fight with the university, cutting its budget, sacking the Dean, and by mobilising public opinion against its radical reputation successfully slowing down the inflow of voluntary contributions.

But all this was to be expected from an arch-conservative who supported Vietnam, and a university which most definitely did not. What was not expected, however, was the critical attitude that his liberal successor, Governor Brown, has also adopted. In keeping with his *puritanical approach to all public* business (he refuses to live in *the official Governor's Mansion,* for instance) he has scared the faculty not only by making clear that he is no soft touch for budget money, but also by suggesting that the university must justify all of the expenditures it plans in terms of their benefit to the State of California.

Some faculty members are *deeply fearful of his approach,* arguing that an institute of higher learning cannot be justified on strictly utilitarian grounds. They wonder whether Governor Brown may end up as an even greater threat to the university than his predecessor. Others feel that Berkeley has had too easy a life in the past with a virtually unrestricted call on State funds—and that like the students themselves, it could benefit from a period of self-restraint and accommodation with the realities of political life, outside the campus.

U.S. may allow private sales, production of uranium

WASHINGTON, June 19.

THE FORD administration is seriously considering steps to permit production and sale of enriched uranium by private industry, a White House spokesman has said.

Currently, the federal Government by law controls all such enriched uranium production. The spokesman said that proposed legislation being considered by President Ford would "allow production through private enterprise rather than through the Government, but with Government supervision."

The New York Times reported to-day that after some debate within the administration, President Ford "decided to propose retaining full government control of the existing uranium enrichment facilities at Oak Ridge, Tennessee, Paduchah, Kentucky, and Portsmouth, Ohio."

"But the total capacity of these facilities has ben fully 'booked' for the foreseeable future, and it is estimated by the White House that a capital investment of about $30bn. for the new facilities will be needed to meet the growing demand for enriched uranium over the next 10 to 15 yars," The Times quoted White House officials as saying.

"Ford has determined," the officials said, that the capital investment for new facilities should be borne by private industry rather than the Government," the newspaper added.

Agencies

Wallace 'near certainty' as candidate

WASHINGTON, June 19.

ALABAMA GOVERNOR George Wallace said to-day that he was almost certain he would seek the Democratic Presidential nomination next year, but he stopped short of formally announcing that he was a candidate.

Replying to a question on the NBC "Today" television programme, Mr. Wallace said that he intended to make a formal announcement of whether or not he would be a candidate, though he reserved the right to change his mind.

The Alabama Governor said in a speech yesterday that he intended to be involved in the 1976 Presidential campaign. He also said that to win next year the Democratic candidate would have to appeal to the lower and middle classes, who were most severely affected by the economic situation.

Reuter

Fanfani under heavy fire at post-election inquest

BY ANTHONY ROBINSON

ROME, June 19.

THE LEADERSHIP of Sig. Amintore Fanfani and the entire political line pursued by the Christian Democrat party in the two years that he has been party secretary came under fierce attack by the party's Left-wing to-day, as the party leadership met to analyse the causes of its defeat and the strong Left-wing gains in last weekend's regional and local elections.

However, the largest faction of the party, the Doroteo group, swung behind Sig. Fanfani in an attempt to avoid so personalising the political issues involved that their own hold on the levers of power within the party might be affected.

Prime Minister Aldo Moro decided to reserve his own comment on the situation until a meeting of the Party's national council which has been called for early next month. This is a much wider body which provides an opportunity for the party's grass roots leaders to express their views.

According to unofficial accounts of Sig. Fanfani's opening speech, he dwelt as little as possible upon the causes of the CD's electoral defeat and tried to look forward by proposing immediate contacts with the Socialist party aimed at reconstituting a four-party Centre-Left coalition government.

THE VATICAN said yesterday that Italians who cast a protest vote for the Communists in the recent regional elections might regret their decision. It said many electors appeared to believe that the Italian Communists were different from Communists. "But modern history teaches us that, as far as Communists are concerned, all roads have the same goal: a dictatorship, said to be of the proletariat, but in fact over the proletariat and everybody else," the official Vatican weekly L'Osservatore della Domenica said in an editorial.

The Socialist party, however, is in no mood to reconsider such a possibility while Sig. Fanfani remains in his post and until the CD party has made some kind of public confession of the errors which led it into its present situation.

This is similar to the view of the principal Left-wing factions of the CD party who are demanding first an early decision on Sig. Fanfani's future and have declared themselves ready to discuss the underlying political choices facing the party only after Sig. Fanfani, but the whole party leadership has presented its resignation.

Meanwhile, one aspect of the difficult economic background against which this political drama is being played has emerged from the latest official figures. These show that short time working has increased eight fold over the first five months of this year, unemployment has risen over the million mark to 1,095,000, while the number of young people in search of their first job has risen from 221,000 in 1970 to 330,000 in April this year. The youth vote was a major factor in last weekend's elections.

Pretender banned from Spain

BY ROGER MATTHEWS

MADRID, June 19.

DON JUAN de Borbon, head of the Spanish Royal family and Pretender to the throne, is understood to have been banned from visiting Spain following a speech he made last week-end challenging the succession of his son, Prince Juan Carlos. In 1969, General Franco, the 82-year-old Head of State, chose Prince Juan Carlos as his successor.

The Spanish Ambassador to Portugal, Sen. Antonio Poch, went to see Don Juan at his villa in Estoril yesterday to inform him of the Government's decision. Don Juan has been a regular visitor to Majorca, where several times recently he has held lengthy conversations with his son.

It had been thought that Don Juan was prepared to renounce his claim to the throne, provided his son announced rapid moves towards a democracy after the departure of General Franco. However, Don Juan seems to be losing patience and is either fearful that his son will be tempted not to make a clean break with the old regime or is taking part in a complicated plot to increase the status of Juan Carlos within the regime.

Certainly his speech has prompted a strong reaction from the regime and has added weight to rumours that Juan Carlos' son, Felipe, may, at the age of seven, be formally recognised as successor to his father. It is also being suggested that Juan Carlos will soon be promoted to the rank of Field Marshal, putting him on equal military status with General Franco.

Don Juan's week-end speech coincided with mounting pressure within Spain for Gen. Franco to retire and hand over full powers to Juan Carlos. The majority of the Government is known to favour a speedy renunciation by the General reflecting the understanding that is thought to exist between Prime Minister Carlos Arias and the Prince.

Don Juan, who is the only living son of the last reigning Spanish King, Alfonso XIII, has maintained regular contacts with Opposition parties, including the Communists, and has consistently urged the establishment of democracy in Spain.

His banning from Spain will effectively prevent personal contacts with his son, and at the same time has caused rumours of a rift within the family. But it is thought that Prince Juan Carlos would have been made aware of the contents of his father's speech before it was delivered and may indeed be in sympathy with some parts of it.

Reuter adds from Bilbao: Spain's Army Minister said to-day that the armed services were ready to back up police action in Spain's troubled Basque region if called upon to do so. Speaking before 5,000 troops and police here at a parade marking the anniversary of the conquest of Bilbao in the 1936-39 Civil War by General Franco's nationalist forces, General Coloma Gallegos praised the police for their enforcement of a state of emergency in the Basque provinces.

Disenchantment of French Left

BY ROBERT MAUTHNER

PARIS, June 19.

THE LONG-awaited summit meeting of France's Union of the Left, made up of the Socialist, Communist and left-wing Radical parties, finally took place to-day in an atmosphere of ill-concealed disenchantment and scepticism.

No-one, it is true, expected the face of world or even French socialism to be changed by a few hours' parley between those "frères enemis" of the Left, M. Georges Marchais, the Communist leader, and M. François Mitterrand, his Socialist opposite number, after all their recent squabbles. But having at last decided to meet face to face, something which they had not done for about a year, it might have been thought that they would make a special effort to show some mutual good will.

Instead, the faces of the leaders of the Left as they emerged from their discussions were a study in gloom. While M. Marchais made a few sour remarks to a TV reporter about "decisions having been taken" but that these were nothing but a first step, M. Mitterrand disappeared altogether without making any statement.

It was left to the Communist leader to underline the continuing points of disagreement between the partners of the Left, although he sugared the pill by saying that the meeting had been "globally positive."

The Socialists and left-wing Radicals had rejected a Communist proposal that the Union of the Left should present a joint list of candidates in the 1977 municipal elections in towns of over 30,000 inhabitants, M. Marchais pointed out. He also made it clear that the Communists were fed up with being blamed for what was happening in Portugal whenever they brought up the question of human liberties.

"One cannot hold us responsible for events outside France," he said. "It is only logical that the bourgeoisie should attack us but when our allies do it, we say 'no'." The Socialists and left-wing Radicals, for their part, appeared to be satisfied only in as much as the meeting had allowed everyone to tell each other exactly what they thought.

The joint communique issued after the talks, by contrast, breathed the bland optimism one has learnt to expect on such occasions. Read out by the Radical leader, M. Robert Fabre, who had presided over the meeting, it stated that the three parties had reaffirmed their support for their union and common programme.

Strasbourg MP 'beaten by police' furore

By Philip Rawstorne

STRASBOURG, June 19.

M. GEORGES SPENAL, President of the European Parliament, to-day demanded a full inquiry into allegations by a Danish Socialist MP, Mr. Knud Nielsen, that he and three members of the Parliament's Danish staff had been "brutally treated" by the French police.

M. Spenal's action followed a protest by Mr. Nielsen, who claimed that he and his colleagues were slapped in the face, punched and kicked by police officers when they were unable to produce identity cards in a Strasbourg bar early yesterday morning.

They were taken to Strasbourg police station and released three hours later.

Mr. Nielsen and other members of the Danish delegation have threatened to boycott future parliamentary sessions in Strasbourg. Similar threats have been made by the Parliament's staff committee.

M Guy Pochon, the Strasbourg police chief, has denied any brutality and dismissed the incident as a "storm in a teacup."

But M. Spenal, in a letter to the Prefect of Police for Alsace, said yesterday that there was medical evidence to support the allegations. Demanding an inquiry and any necessary disciplinary action, he said that the incident had to be cleared up before it became a "major embarrassment."

UPI adds: French police authorities said to-day that a police patrol was involved early on Wednesday morning in an incident involving a group of Danes, including Mr. Nielsen.

The incident arose when a patrol unit of uniformed policemen checked at 2 a.m. the identity papers of guests in the Richelieu nightclub, police security chief M. Guy Pochon said.

He said that Mr. Nielsen and three Danish administrators working for the European parliament, one of them accompanied by his wife, had flatly refused to show their identity cards claiming no country except France was requiring such formalities, M. Pochon said. He said that Mr. Nielsen shouted at the policemen in English "get out" and allegedly thereafter insulted them in French.

Opposition candidate agreed in Germany

By Jonathan Carr

BONN, June 19.

THE WEST German opposition parties to-day agreed on the man to lead them into general elections next year to try to unseat Chancellor Helmut Schmidt—but they did so in a spirit which hardly bodes well for their future co-operation.

After weeks of indecision, the Christian Democratic Union (CDU) and its Bavarian sister party, the Christian Social Union (CSU), decided that CDU chairman Helmut Kohl should be their chancellor candidate. But the Presidium of the CSU made abundantly clear that it still believed its own leader, Herr Franz Josef Strauss, was really the best man. A statement said that the CSU would nonetheless defer to the wishes of the larger party and go into the election together.

The statement was read to the Press this evening by former CDU Chancellor Kurt Georg Kiesinger. The results of the combined Presidium meeting of the two parties were originally scheduled to be made public by the general secretaries of both the CDU and CSU parties, but in the event neither appeared.

The decision is a boost for Dr. Kohl just before an important Congress of his party, although it is hardly as wholehearted as he must have hoped. Aged 45, Dr. Kohl has proved himself a good team leader both as Prime Minister of the state of Rhineland Palatinate and in his two years as CDU chairman.

Herr Strauss, aged 59, is a brillant former Finance and Defence Minister, totally in command of his party and generally considered well to the right of the opposition spectrum. His leadership qualities are undoubted but it is feared that as Chancellor candidate he would tend to alienate the middle ground.

CONFRONTATION IN PORTUGAL

The workers' councils revolt

BY JANE BERGEROL, LISBON CORRESPONDENT

THE STRUGGLE for control of Republica, the Socialist newspaper in Lisbon, is symptomatic of a growing rebellion among revolutionary workers' groups. They are testing the limits of authority, hitting out not only at management but at the Armed Forces Movement and even more at the Communist Party and its close allies, who have been trying to take over key institutions with remarkable success.

At the same time a division has been revealed between Copcon, the security forces and much of the rest of the Armed Forces Movement.

Trouble at Republica began as an apparent Communist bid to end the newspaper's pro-Socialist editorial line. Under its veteran Socialist editor Raul Rego, Republica was the only Lisbon daily paper not to have come under Communist domination, just as the equally embattled Catholic radio station, Radio Renascenca, was the single broadcasting station to have similarly resisted the take-over.

But, as the Socialists themselves now see it, the Republica struggle, and the Radio Renascenca crisis, have broadened into the wider battle for workers' control. The military rulers are nonplussed as to how to deal with the situation. The Supreme Revoluntionary Council ruled in the editor's favour three weeks ago, from respect for its own Press law. Yesterday, however, they were gripped in an unending marathon political debate on the revolution, entering its seventh day, while Copcon security forces decided to back the Republica workers and ignore the AFM leaders' original decision. The crisis of authority among the armed forces has thus come to a head.

Have Portugal's workers already begun to take the law into their own hands, with the backing of the military security forces which now constitute the country's only police force? Or is Republica an exceptional case? Industrialists, prey over the past six months to waves of factory occupations, wild cat strikes, escalating wage demands and a lack of effective union guidance have long since concluded that the workers are calling the tune, and some have even begun handing over factory and safe deposit keys to workers' commissions.

Control over production — whether of a newspaper, an industrial product or agricultural produce—has become a very real issue to thousands of Portuguese as the economic crisis deepens and their jobs appear increasingly insecure. In the northern Douro wine growing region, small farmers, who are in desperate straits, recently rounded on a military deputation sent to sort out their problems and demanded to elect their own representatives and solve their problems in their own way. On the factory floor, the Communist-dominated unions have long since been swept aside by militant workers' councils many of whom are now controlling plant management and running the business.

In the Press, many newspapers had already accepted workers' rights to vote on editorial statutes (laying down a newspaper's broad editorial line). And, it is in this context that Republica typographers set out to win a say in their newspaper's production, led by extreme leftists from the popular democratic union (UDP), the only extreme left group to have won votes enough for a seat in the Constituent Assembly.

When they tried to appoint a new editor they came up against the Press law. Passed last August, this firmly states that editors are appointed by management with the approval of the journalists, but not of others. The Supreme Revolutionary Council, under heavy pressure from the Socialist Party, ruled that this must be respected and the editor reinstated. For the past three weeks, however, it has failed to take measures to allow the newspaper to reopen with Dr. Rego at its head.

As the days passed, the armed forces leaders themselves swung in favour of the workers' control and finally, recommending changes in the Press law, washed their hands of the whole affair and turned it over to Copcon security forces. They should have removed the seals from the newspaper's doors and handed them back to the management and editorial staff. But what happened this week amply demonstrates the ambiguities in the armed forces' own minds about the affair — and their consequent lack of authority in imposing respect for the law and their own original decision. Copcon first unsealed the doors but refused to guarantee the editor's right to dismiss the puppet interim editor. The editor refused to take back the paper without such guarantees: so Copcon decided to let the workers occupy the building. They did so on Wednesday and again yesterday.

> "The security force, Copcon, is now taking the law into its own hands and ignoring the armed forces' leadership."

Meanwhile the Catholic radio station, Radio Renascenca, also taken over by militant workers weeks ago, has become another focus of the same issue; the church, anxious to maintain a low profile during these difficult revolutionary days, acted quietly to try to force a decision by the military in its favour. It warned against a confrontation between church and state, and it cut off news agency services to the station. On Wednesday night church supporters demonstrated before the Lisbon patriarch's home: but meeting with militant leftists supporting the rebel workers, they were pushed into the patriarchal building and kept there under siege and a heavy Copcon guard until early yesterday afternoon. No attempt was made to disperse the counter-demonstration.

Yesterday morning Copcon began issuing statements alternately approving and disapproving of a number of other strikes and workers' demonstrations. Its authority for behaving in this way apparently comes from the entire Fifth Division's self-appointed role as the Armed forces' revolutionary vanguard. It is now taking the law into its own hands and ignoring the MFA leadership.

Copcon and its brash chief, General Otelo Saraiva de Carvalho, are part of the Fifth Division based in Lisbon and the key division of the Armed Forces Movement. Copcon can call upon any and every unit in the country for law and order control. But in Lisbon, where it is most frequently called out to police demonstrations, arrest prisoners and "protect" targets of the Left, it is usually composed of one of half a dozen local units. Frequently now in contact with demonstrators, Copcon soldiers are aware of their ambiguous role and dislike their growing use as policemen of the regime. The key Lisbon units have been strongly politicised by Communists and extreme leftists and the natural outcome of both pressures is their siding more often than not with the pro-Communist or the extreme Left.

In addition, the Fifth Division has been the spearhead for the armed forces' "cultural dynamisation" of the country—the tours by officers and men of towns and villages to explain the revolution and gather mass support for its aims. Recently promoted as its commander, Ramiro Correia, a navy doctor, is known for pro-Communist sympathies, prides himself on his revolutionary ideology, and has recently performed the double feat of editing Portuguese revolutionary songs in Russian and sponsoring a text on "who are the people and who are not," which was reproduced from a Communist Party publication.

General Otelo explained Copcon views to this week's unending meeting of the Supreme Revolutionary Council. He called for an end to the performance of the parties in the Coalition Government, an end to the Constituent Assembly, and for firm military rule linked to popular mass organisations such as the workers' councils and a form of popular assemblies yet to be decided.

The Supreme Revolutionary Council faces a country where workers are beginning to take decisions into their own hands, and where the armed forces' own security units are ignoring orders from above. Nobody feels that such an anarchic situation can continue for very much longer, least of all the political parties. The danger lies in anti-party officers finding in this situation an excuse for a military takeover, an end to the fourth coalition government, and perhaps an end to the Constituent Assembly.

For the parties, this could prove a blessing in disguise: few politicians feel that the continuing crisis of authority is helping the cause of the country as a whole or the parties' bid for ordered democracy. The armed forces are reluctant to take the final step, aware of their growing unpopularity and of the complete responsibility for government such a step would burden them with. Seven days of debate failed to lead to a clear decision. While the Supreme Revolutionary Council debates, Copcon is ruling the roost. But the crisis of authority, and the road the revolution will take, to-day seem to be more than ever in the hands of the people themselves.

Security talks gather momentum

BY DAVID EGLI

GENEVA, June 19.

A PRECISE date for the third phase of the European Security Conference is expected to be set next Thursday here as, with a gathering momentum of activity, the outstanding issues which have been blocking the two-year-old conference fall into place. If the remaining deadlocks, concerning, in particular, the prior notification of army manoeuvres within defined areas behind frontiers, can be resolved, it apears likely that every effort will be made to ensure a start for the third phase in Helsinki towards the end of July.

One date which has been discussed informally here is Monday, July 28, although this has not been proposed by Finland or by any other delegation in the co-ordinating committee.

A brief statement by the Soviet delegation made no reference to the letter sent by the Soviet Communist Party secretary general, Mr. Leonid Brezhnev, to leaders of all participating countries. The Soviet delegation did, however, stress that it has made several concessions in the last few days, and, in its view, it was now up to other delegations to show a spirit of compromise.

Progress has been particularly rapid in the so-called Basket Three, which contains essentially Western proposals for freer movements and contacts between East and West. A spokesman here predicted that all outstanding points in this area should be settled by next week. He appeared confident that the most significant outstanding issue, the status of television and radio technicians, would be settled. Another week was needed, he said, for work on the preamble to the massive document which is to emerge from the Geneva phase of the 35-nation talks (participants include all European nations except Albania, plus Canada and the U.S.

Reuter adds from Washington: President Ford has received a letter from Mr. Brezhnev about the timing for a meeting, U.S. officials said to-day. But a State Department spokesman said that any discussion of dates was theoretical because several issues at the conference had not been resolved.

Warsaw Pact integration claim

BY PAUL LENDVAI

VIENNA, June 19.

THE SOVIET Union is pressing for a total military integration and changes in the structure of the Warsaw Pact according to Luftetari, the organ of the Albanian Ministry of Defence, which was extensively quoted to-day by ATA, the Tirana news agency.

The paper reveals that special mobile army units, consisting of detachments from the armies of the Warsaw Pact member states, have been set up and are being trained in East Germany. Furthermore, the Soviets seek to set up a single political and ideological directing centre for the Warsaw Pact armies.

The Albanian army paper accused what it called "the Soviet socialist imperialists" of preparing a new war. Of 18 giant Warsaw Pact manoeuvres last year, 12 were directed towards South-East Europe and the Balkans which, according to the paper, clearly indicate aggressive Soviet plans in the Balkan region.

According to the Albanian paper the total military integration however engenders numerous contradictions. Thus, Hungary, for example, seeks to reduce the expenditures connected with the stationing of Soviet troops in Hungary and demands that the Soviet Union should provide itself the supplies intended for its troops, the article concluded.

Turkey abrogates U.S. pacts

BY METIN MUNIR

ANKARA, June 19.

A MOVE has been made by Turkey to clarify its reaction to the Congressional arms embargo when the 30-day grace period given to the U.S. last Monday ends.

Turkey considers null and void its military treaties with the U.S. —numbering 56 under 11 sections in talks which have been in progress since 1969—and will announce their abrogation when the period of grace expires on July 17.

Turkish Foreign Minister, Ihsan Sabri Caglayangil, explaining this on television last night, said that in view of last February's embargo, Turkey does not consider itself bound by these treaties. "There are no agreements any more."

On July 17, or earlier if the Americans want, he said, Turkey would unilaterally renounce these agreements. The U.S. would be invited to negotiate new military treaties.

Until these negotiations were completed, the U.S. military presence here and Turkish-U.S. defence relations would be subject to a new, temporary status which Turkey would announce and put into effect on its own. Turkey also feels itself free to close down any U.S. bases here.

Mr. Caglayangil also clarified another major point when he told his interviewer that even if the embargo were lifted, Turkey would not change its mind about renegotiating about its military ties with the U.S.

Reuter adds from Washington: President Ford made a new appeal to Congress to-day to remove its ban on military aid to Turkey and avert threatened retaliation against U.S. bases there. He conferred with seven members of the House of Representatives to urge the House to follow the Senate's example in rescinding the ban, imposed last February because of Turkey's use of American arms in its invasion of Cyprus almost a year ago.

● West German Foreign Minister Hans Dietrich Genscher has handed Turkish leaders an "important" message from President Ford, Government officials said in Ankara. The officials, who refused to be identified, refused to elaborate on the contents of the message.

Tsatsos voted in as new Greek President

BY OUR OWN CORRESPONDENT

ATHENS, June 19.

PARLIAMENT TO-DAY elected Mr. Constantine Tsatsos, 76, to be President of the Greek republic for a five year term.

The New Democracy party of Premier Constantine Karamanlis placed its large majority in the house behind Mr. Tsatsos, whom it had nominated at a caucus yesterday. He received 210 votes—ten more than the two-thirds of the 300-seat house required.

Four of the 216 parliamentarians of the New Democracy sided with the 41 deputies of the Centre Union-New Forces, the main opposition, to vote for Mr. Panayotis Canellopoulos, the Premier who was overthrown in the army takeover in April 1967 and became a leading resistance figure during seven years of military dictatorship.

The deputies of the Panhellenic Socialist Movement (PASOK) and the Communists cast 20 blank votes. Five deputies were absent. Mr. Andreas Papandreou, leader of PASOK, said the blank votes were cast to show disagreement with the new constitution and the powers it vests in the President.

The PASOK has been shaken by a crisis in its upper echelons and Mr. Papandreou has called for the election of a new central committee following the resignation last week of almost half of the committee elected in March. Of the 100 members, 45 resigned because of Mr. Papandreou's decision to expel ten members of the party whom he considered "elitists."

The powers of the President, considered excessive by the opposition, were the main reason why it abstained from voting for the new charter which replaced the 1952 constitution early this month.

The opposition claims Mr. Tsatsos, a trusted and loyal member of the New Democracy, has tacitly agreed to resign in about two years to make room for the election of Mr. Karamanlis for a five-year term.

The premier has not publicly stated his future plans, but it is believed that he first wants to solve the manifold problems bequeathed by the dictatorship before seeking the presidency. Although the new charter makes the President the arbiter of the country's political life, he is not a policy making figure. His powers are more negative —to block legislation, dismiss the government and call referenda on major national issues.

The initiative for defining the policy and ruling the country remains with the Prime Minister and the majority party.

IN BRIEF

Norway ship crisis

More than 100 Norwegian merchant vessels totalling 10.9m. deadweight tons—about 25 per cent. of the Norwegian fleet—are laid up as a result of the international freight market depression, the Norwegian Journal of Commerce and Shipping reports. The Oslo paper Aftenposten said that the danger Norway's tanker fleet could be sold to foreign, particularly Arab, interests is increasing. Reuter reports that the Deputy Minister of Trade and Shipping, Mr. Thorvald Stoltenburg, said a committee is considering several alternatives to prevent unwanted sale of ships to foreign interests.

Irish oil licences

The French State oil group Elf-Aquitaine has said it received permits from the Irish Government to prospect for oil in Irish waters, reports Reuter from Paris. Operations would begin in 1976 in blocks 55-30 and 64-2 in the Fastnet region and blocks 34-10 and 35-2 in the Porcupine region. ELF said it signed an agreement with two Irish companies, the State oil company Nitrigen Eireann Teoranta, which would take a 10 per cent. interest in the permits, and Ergas, which would take 5 per cent.

Dutch revise budget

The deficit in this year's Dutch budget is expected to be nearly double, at about Fls10bn. (£1.9bn.), the official projection published last September, writes Michael Van Os from Amsterdam.

Yugoslav economy hit

The Yugoslav economy, as predicted, has begun to slow down, writes Aleksander Lebl from Belgrade. Industrial production, which was up 9.4 per cent. in the first four months, increased only 5.5 per cent. in May, bringing the total increase for five months to 8.6 per cent. Even this is considered too much by some, because of the balance of payments difficulties brought on by a high rate of growth. But a further sharp fall also seems unacceptable because of employment problems.

Numbered accounts

Switzerland's "Big Three" banks said yesterday they have no intention of abolishing the system of numbered bank accounts. Their statement follows foreign Press reports that the Swiss National Bank had proposed such a measure. UPI reports the statement said: "The managements of the three Swiss big banks—the Union Bank of Switzerland, the Swiss Bank Corporation and Swiss Credit Bank—state categorically that they have neither expressed such an opinion to the Swiss Central Bank, nor do they contemplate doing so. In view of general economic considerations, the abolition of numbered accounts is out of the question."

Belgian appeals

M. Germain Baudrin, former head of the Belgian State telegraph and telephone authority (RTT) who was jailed for four years after Belgium's biggest corruption trial in recent years, to-day appealed against the sentence, Belgian Justice Ministry officials said, writes Reuter from Brussels.

Swiss-U.S. jet deal

The Swiss Defence Ministry has issued a brief communiqué saying that talks carried out in Washington last week on possible compensatory orders for Swiss industry to be placed by the U.S. in connection with the purchase of a new fighter aircraft series were "satisfactory," writes John Wicks from Zurich.

OVERSEAS NEWS

Japan shipyards seek state aid

TOKYO, June 19.

JAPANESE SHIPYARDS plan to ask the Government for help to maintain their 50 per cent. share of the world shipbuilding market, Japan Shipbuilders Association said to-day.

Eight leading Japanese shipyards will have a backlog of orders totalling 3.7m. gross tons *in 1977, but orders for another* 4.5m. will be required to maintain *Japan's present market* share, the association said.

Shipyards will ask the Government to increase the volume of funds available for export shipbuilding at the export-import bank of Japan, better terms for these funds, and expansion of the export insurance system.

They will also ask for Government-to-Government aid to the developing countries to help them build more ships in Japan, improvement of the official shipbuilding programme for domestic owners, and a national project to build bases for liquefied petroleum gas to increase the construction of LPG carriers, the *association said.*

The measures are considered *particularly necessary* because cancellations of contracts by both domestic and *overseas shipowners* have been increasing steadily.

The industry believes the present stagnation in the world shipbuilding market will last for two or three more years.

Reuter

'Grave worry' at EEC deficit with Japan

TOKYO, June 19.

THE EEC has grave worries about the increasing deficit in its trade with Japan, the leader of a high level EEC delegation said here to-day.

Mr. Edmund Wellenstein, Director General for External Relations of the EEC Commission, *told a Press conference he* had brought the EEC's concern *to the attention of Japanese* Government officials during four days of *consultations* which ended to-day.

Mr. Weffenstein said he had called the Japanese side's attention to what he called unnecessarily complicated administrative barriers *in* Japan which acted as a brake on imports from the EEC. He added the Japanese had also pointed to some trade bariers still existing in Europe.

Japan's exports to the EEC last year totalled $5.9bn., $1.9bn. *more than its imports from the* Community.

Mr. Wellenstein *said* he welcomed recent Japanese moves to stimulate the economy, but the EEC delegation had not asked the Japanese for any commitment to cut back on increasing exports of steel to the Community.

Within the EEC, steel producers had been asked to "adjust to the reality" of the present steel market slump by cutting back production.

The problem was world-wide, and from the talks here it appeared that Japan was willing to contribute to efforts to avoid *cut-throat competition.*

On textile trading between *Japan and the Common Market.* Mr. Wellenstein said talks were *due to be held soon,* and both sides hoped for a positive conclusion to the *problem* by August.

Reuter

● CANADA may ask Japan to import nuclear reactors during next week's Tokyo talks between Cabinet members of the two nations, according to Japanese Government sources.

The sources said that Canada is dissatisfied with Japanese imports centring on Canadian raw materials such as copper ore, coal, *lumber and* wheat and hopes that Japan will increase purchases of *industrial products.*

Canada may specifically ask Japan to import Canadian-built natural uranium heavy-water type reactors and short-take-off-and-landing (STOL) aircraft.

UPI

Gandhi case hearing

NEW DELHI, June 19.

LAWYERS *for* Prime Minister Indira Gandhi *are to ask the* Supreme Court to-morrow for a special hearing on Monday to *register her appeal against* conviction for corrupt electoral practices, a spokesman in her Secretariat said to-day. He said the Supreme Court vacation judge would be asked to record the petition of appeal.

The judgment by the Allahabad High Court against Mrs. Gandhi disqualified her from *political office for six years,* but under a stay of judgment she *was allowed to remain in office* for 20 days while she filed an appeal against the verdict. Her lawyers are expected to ask at the hearing for an absolute and unconditional stay of the judgment to enable Mrs. Gandhi to remain Prime Minister until her appeal against the verdicts is completed, the spokesman added.

Meanwhile, India's ruling Congress Party *closed* its ranks behind Mrs. Gandhi after a week of tense political uncertainty. Party members of Parliament voted overwhelmingly yesterday *for Mrs. Gandhi, 57, to stay in* power while she fights her Supreme Court appeal.

Congress has scheduled a huge rally here to-morrow and the Party President, Mr. D. K. Barooah, announced meetings would be held all over the country to explain the Congress viewpoint.

Opposition groups have *planned a counter rally for next* Sunday to support their *continuing demand that* Mrs. Gandhi must resign. A planned march on the President's palace on Saturday has been postponed.

Mrs. Gandhi's appeal to the Supreme Court could take six months to complete.

Reuter.

Lawyers for Mr. Raj Narain, a socialist leader whose election petition against Mrs. Gandhi was *successful,* went before a court in her home city of Allahabad *to challenge the original* 20-day stay.

Malaysian guerilla hunt

BY WONG SULONG

KUALA LUMPUR, June 19.

MALAYSIAN SECURITY forces have moved into Thailand to hunt down a band of Communists who killed 15 members of a Malayan-Thai border demarcation team yesterday.

Thai troops have also joined in the hunt, but so far there has been no contact with the Communist band estimated to be between 50 and 60. The Communists ambushed the joint Malaysian-Thai border demarcation team in the Kubang Pasu district in the northern Malaysian State of Kedah.

Eight members of the Malaysian para-military police *field force, three Malaysian* civilians and four Thai border *policemen were killed*

This is the biggest number of casualties suffered by the Malaysians and Thais since 1968, when the Communists ambushed and killed 16 Malaysian soldiers in Kroh, near the border.

Returning to Kuala Lumpur to-night, after attending the border committee meeting in Bangkok, the Malaysian Home Minister, Tan Sri Ghazali said that the Communists responsible belonged to the revolutionary faction, one of the two groups which has broken off from the main Malayan Communist party under Chin Peng.

He said that there has been a resurgence of Communist activities in Malaysia in the past few months as the three groups tried to outdo each other.

He said that both Malaysia and Thailand are planning to increase their joint border patrols *to prevent arms smuggling and* infiltration in view of develop*ments in Indo-China.*

The minister disclosed two *other important developments:* first, the Thai and Malayan *Communist parties have joined* forces along the border, and second, there were now more Thais than Malaysians in the Malayan Communist party. He said of the 2,048 armed members of the MCP, 1,170 were Chinese or Malays of Thai origins.

Burma crisis meetings

BY OUR ASIA CORRESPONDENT

LEADERS of the Burmese Government and the country's single political party, the Burma Socialist Programme Party, have been holding a series of country-wide crisis meetings with workers and students to discuss the serious economic situation.

Last week, the Government closed universities and colleges in Rangoon and Mandalay after student disturbances, the second set of incidents within seven months. The students were complaining about the soaring cost of living and the fact that some of their colleagues were still imprisoned after the December violence.

Rangoon home service, monitored by the BBC, reported that the leaders had *met the people* in various parts of the country. The people had aired their grievances, and the leaders had explained the reasons for the poor economic situation.

The Communist radio station, *the Voice of the People of* Burma, meanwhile, has attacked the Government for *saying that* the disturbances were simply the work of students. The Communists, who have recently suffered major rebuffs in their guerilla struggle with the Government and lost their top leadership, argued that the students represented a popular *movement and the Government* was afraid of a widespread revolt.

Black unions move in South Africa

BY GRAHAM HATTON

JOHANNESBURG, June 19.

IN A MOVE which will have the effect of *increasing pressure on* Pretoria to recognise black trade unions, South Africa's chief industrial employer organisation, the Federated Chamber of Industries, has called for a policy of "orderly development towards meaningful participation by all workers in all aspects *of industrial relations.*"

In a Press statement, the Chamber *says it believes that* the basic industrial legislation *relating to the regulation of* working conditions, wage and service conditions and the settlement of industrial disputes has up to now contributed materially to the history of remarkable industrial peace enjoyed by this country. However, at the same time, it recognises that in the areas of settlement of disputes *and negotiation of employment* conditions, present legislation does not allow sufficient meaningful direct participation and representation of black employees.

This deficiency has become a *cause of discontent amongst* black workers and in the *interests of maintaining industrial* peace (as well as a satisfied, well-motivated and productive black labour force) it warrants serious attention. While the Bantu Labour Relations Regulation Act of 1973 created new opportunities for blacks by providing important new channels of communication between black employees and their employers, the present system is inadequate.

Angolan summit accord

NAKURU, June 19.

THE LEADERS of the three Angolan liberation movements were called in to see Kenyan President Jomo Kenyatta to-day amid signs that their summit meeting here is drawing to a successful conclusion.

Kenyan *sources* said that it appeared that the three had *reached agreement on one of the* most difficult problems facing *them — disarming the civilian* population in Angola where *more than 1,000 people have died* in feuding between the rival movements.

The three leaders — Dr. Agostinho Neto of the Popular Front for the Liberation of Angola (MPLA), Mr. Holden Roberto of the National Front for the Liberation of Angola (FNLA) and Dr. Jonas Savimbi of the National Union for the Total Independence of Angola *(Unita) are due to hold separate* Press conferences later.

Agencies

ETHIOPIA

The nomads rebel

BY A CORRESPONDENT

THE REBELLION in eastern Ethiopia of armed followers of Sultan Ali Mireh Hanfare of the Afars could hardly have come *at a worse time for the increasingly* pressed central military Government in Addis Ababa.

Since seizing power in a bloodless coup a little over nine months ago, the armed forces have stepped up the war against secessionist guerillas in the northern-most province of Eritrea to such a fever pitch that more than a third of Ethiopia's 60,000 man standing army is currently engaged there. But de*spite this increased military presence,* the Eritrean conflict drags *on and shows little sign of ending.*

Another thorn *in the government's* side is the need to station another 11,000 or so men of the Third Army Division on permanent duty in the vast Ogaden region, on which Somalia still casts coveteous eyes. And as though this was not enough already, an unknown, but *no* doubt considerable contingent of Government forces is helping to implement the land reform programme whose reception in certain areas of the country, particularly Gojjam, has been somewhat less than enthusiastic.

Now an estimated 5,000 well-*armed and well-disciplined Afar* warriors have rebelled, compel*ling a further deployment of* military strength which is *already stretched. It is generally* conceded that this uprising *represents no direct threat* to the authority of the central military Government. But the dire strategic implications it poses remain all too obvious: Ethiopia's two southern life lines to the Red Sea—the road linking Addis Ababa to the port of Assab, and the Franco-Ethiopian railway *whose eastern terminus* is located in the neighbouring *French territory of the Afars* and Issas — both run through Afar-controlled territory.

Practically all of the country's petroleum supplies have to be shipped inland by tanker lorries from the oil refinery at Assab. This over-reliance on Assab has increased with intermittent blockades on the northern Eritrean port of Massawa, carried *out by the Ethiopian Liberation* Front (ELF). The significance *of Assab as the nation's supplier* of fuel has not been lost on the *average Ethiopian. As news* spread that the Afars had cut the *Addis to Assab road by blowing* up a bridge at the town of Sardo, about 160 miles west of the Red Sea port, filling stations in the capital and elsewhere were besieged by panic-striken motorists, reinforced with jerricans, stocking up for the shortage they knew would follow. Their *fears were proved correct.*

Relations between the Sultan *of the Afars and Ethiopia's* military rulers have been less than cordial for several months despite the pledge of support given to the new government by Sultan Ali Mireh only weeks after the overthrow of former Emperor Haile Selassie. He gave his backing on the understanding that the ruling derg would more or less continue the policy of mutual non-interference in each other's affairs as exercised *by the former Emperor and the* Sultan, whose semi-autonomous *fiefdom takes in approximately* one-fifth of the total area of *Ethiopia. Mutual relations began* turning sour late last year when *ELF guerillas extended their* activities to Afar-controlled territory. The inference drawn from this was clearly summed up by one diplomat who said "nothing goes on in Afar territory for very long without the Sultan's knowledge or expressed consent."

Things really came to a *head* earlier this year when in an attempt to implement its land reform programme the government began moving highland peoples down to the traditional grazing lands of the Afars.

Hostility flared into open violence around the Sultan's *capital of Asieta, located close by* the border with the French ter*ritory and 340 miles east of Addis* Ababa. In an effort to contain the *Afars,* government forces reportedly went into action with jet aircraft and tanks causing many Afars, including the Sultan and his family, to cross into Djibouti.

The position of the French Government in the dispute is still unclear. In the past, the Quay D'Orsay, through Ali Araf, its elected Prime Minister in Djibouti, has maintained a neutralist policy in Horn of Africa political *squabbles, so as* not to be accused of unfairly influencing *the region's future.* However, regardless of past *policy, there are those who* firmly believe that in many ways *the French control the ultimate* fate of the Ethiopian military regime.

KUWAIT, June 18.

ERITREANS FIGHTING to *break away from Ethiopia need* only food and artillery to *succeed, a secessionist leader* said here to-night. Saleh *Othman Saleh Sabab, of the* Eritrean Liberation Front — *Popular Liberation Forces* (ELF-PLF)—told a Press conference: "The situation is fully in our favour."

He said that *20,000 tons of* food were required, and appealed to Arab and other countries *to provide* it. Mr. Saheh said he was visiting *Arab capitals to seek support* in "this final stage when we *are at the doors of* liberation."

He also said preparations *were under way for a meeting,* probably in Khartoum, to reconcile rival wings of the secessionist movement.

Reuter.

Car output in May lowest for 13 years

BY PETER FOSTER

INDUSTRIAL DISPUTES on top of a dull market forced car output last month to its lowest level for 13 years.

Against a background of continuing sluggish demand at home and abroad, British Leyland's disruptions at Cowley and Longbridge, the Chrysler Engine dispute at Coventry, and stoppages at Ford cut production in the four weeks to May 24, to 72,173, the lowest recorded since July, 1962.

Commercial vehicle output, at 31,949 units, was 12 per cent. lower than in the same period of 1974 and 5 per cent. below last year's average.

Car output in May was more than a third below the level of the first four months of this year and 45 per cent. below the 1974 monthly average. Production for the home market was worst hit: for the first time since late 1969, fewer cars were made for the domestic market than for export.

Home market production, at 34,000 units, was 55 per cent. below its average level in 1974 while production for export, at 36,000 units, was 28 per cent. lower.

In the first five months of this year, car production was 15 per cent. below the corresponding period of last year—despite the effects of three-day working during the first three months of 1974. Commercial vehicle output though was 9 per cent. up over the same period.

Ford blames workers for low productivity

FORD management reacted angrily yesterday to criticisms by shop stewards of outdated equipment at the company's Dagenham plant and countered with claims that productivity in their British factories was much lower than in their German plants in spite of the fact that much of the capital equipment was identical.

Members of the Select Committee on the Motor Industry were told by stewards while visiting Dagenham earlier this week that the company was still using presses imported from Detroit in the 1930s.

Ford, however, while admitting that there probably was pre-war equipment "lying around somewhere," said yesterday that the stewards' claims were: "A complete red herring and an utter evasion of the real facts. The hard, harsh and unpleasant fact is that productivity does not compare with identical German plants using identical equipment and producing identical vehicles."

Capital expenditure by Ford in this country since the war had been greater than that by the whole of the rest of the British motor industry.

The company invested £52.3m. in 1974—when after tax profits were only £2.4m.—and expects to invest a similar amount this year

Private car the 'villain'

BY TERRY DODSWORTH

THE PRIVATE car was the real villain in urban congestion, Sir Dan Pettit, chairman of the National Freight Corporation, said yesterday in a spirited defence of the lorry against the environmentalist lobby.

"If the chips are down, priority must be given to lorries on legitimate delivery operations at the expense of private cars," he said.

This priority could take the form of reserved road space. It could also result from reducing the number of cars on the roads by limitations on parking, additional licences or road pricing. The priority was justified "by the essential nature of lorries and by the fact that, whereas a reasonable alternative to cars exists in the form of public transport by railway, subway or bus, there is no real substitute for the lorry."

But Sir Dan went on to warn freight transport operators, at a conference in Eastbourne, that the industry had to recognise the problems presented by big vehicles

Sir Murray Fox, Lord Mayor of London (left) presents the Financial Times with its second Queen's Award to Industry in recognition of export achievements. It was received yesterday by Lord Gibson, chairman of the Financial Times.

Trust buys new office development

By John Trafford, Property Editor

CAPITAL and County Properties has sold its St. George's House office development in Cheltenham to the Midland Bank Pension Trust.

No value was given for the deal, but the developers say they have sold four properties together worth £7.6m., since the end of their financial year in March. The other deals were Field House, Bream Buildings, London, EC4, which was sold to Standard Life Assurance: a one-third share in the New Street Shopping Centre, Birmingham, sold to the Norwich Union; and a warehouse development and land at Wilson Road, Huyton, sold to Seagram United Kingdom.

Government urged to buy a stake in BCAL

BY LORNE BARLING

THE GOVERNMENT was urged by a group of British Caledonian Airways management employees yesterday to take a minority shareholding in the company to ensure stability and continuity in the U.K. air transport industry.

A letter to Mr. Peter Shore, Secretary for Trade, from the airline's managers' action group said that this action would provide the stability needed to attract the further private investment capital.

It would put a stamp of approval on the prospering mixed economy in British air transport.

The letter was handed to Mr. Shore in London following a demonstration by about 100 employees.

It added that if, in considering the report of the Civil Aviation review on BCAL, Mr. Shore took the option of full nationalisation, absorption into British Airways would be inevitable. Due to overmanning in BA, many people would lose their jobs and move out of the industry.

The removal of licences was another fear. "This is seen as even more unpalatable than the previous option because, deprived of any real growth prospects, the airline will surely wither and die."

A minority Government interest, the group said, would leave the airline with a separate identity, encourage the development of Gatwick Airport and of management talent in the industry.

Also, it would limit public expenditure at a time of economic crisis.

The letter comes after similar proposals by BCAL's shop stewards' liaison committee and from its senior management, and a warning from the West Africa Committee of the House of Commons that any changes affecting the airline's West African services would be damaging to trade relations in the area.

Energy thrift unit plans £1.7m. power-saving expenditure

BY DAVID FISHLOCK, SCIENCE EDITOR

THE FIRST three contracts, each worth £45,000, for "energy audits" on manufacturing companies in the engineering and metals industries have been placed with three industrial research associations by the Department of Industry's new "energy thrift unit."

The unit, under Dr. Ashley Catterall at the National Physical Laboratory, which came into operation this month, is expected to spend about £1.7m. over the next two or three years in investigations of, and advice to, manufacturing industry of its use of energy and materials.

This exceeds 40 per cent. of the nation's energy consumption, although little is known about the flow of this energy within a given factory or industrial process.

The energy thrift unit arises from a growing realisation in the Departments of Energy and Industry over the past year that although companies are aware—even if they were not aware before—of the cost of the energy they are using, they still do not know what happens to it. The energy content of wasted materials and rejected products is of special concern.

Recipients of the initial contracts for "energy audits" are the Electrical Research Association, the BNF Technology Centre and the Production Engineering Research Association, for studies in the more energy intensive sectors of industry, such as non-ferrous metals.

The CBI is helping to select companies for audit.

The idea is to build up representative profiles of the way different sectors of manufacturing industry are using energy and materials, that might then be used as yardsticks against which the performance of companies of similar activity can be compared. For that reason the investigators will be carefully choosing companies for audit from the 90,000 manufacturing companies in Britain, rather than responding to invitations to carry out such an audit.

Familiar

The research associations have been chosen by the Department of Industry as prime contractors on the grounds that they are familiar with the activities of the companies they represent, and would gain access to factories more readily than men from the Department of Industry, whose activities, officials admit, have been viewed with increasing suspicion by industrialists in recent months. Membership of the research associations is also strongest among the smaller companies, particular targets of the new unit.

At the same time, however, the Department of Energy is carrying out similar studies on several industries whose products have a high energy content, including chemicals, petrochemicals and bricks.

Profligate

The unit stresses, however, that information obtained from energy audits will not be used against the companies involved, if they should prove profligate in their energy usage. Its main concern is to discover why industry does not save as much energy as spot investigations seem to show that it might.

One of the first tasks of the energy thrift unit is to establish a methodology by which all its contractors agree to work. The Rubber and Plastics Research Association has already begun its own study of a methodology for the energy content of products, devised by the Research Institute for Energy Economy in Munich, under a joint contract placed by the EEC Commission.

Distillers seek rise in price of Scotch

By Kenneth Gooding, Industrial Correspondent

THE PRICE of Scotch whisky is almost certain to go up again by 6p to 10p a bottle on July 1 if the proposals of Distillers Company, the group that dominates the business, are accepted by the Price Commission. It would make it the fourth time Scotch prices have been raised this year.

This confirms a radical change of policy by Distillers — which has brands like Johnnie Walker, Dewar's Haig, White Horse, and Vat 69 and accounts for more than half the Scotch sold in the U.K.

In the past the group has waited for years before putting up its prices on the home market, relying on the growth in volume of world trade to keep the profits stable. But that was only possible when inflation was at a reasonably low level.

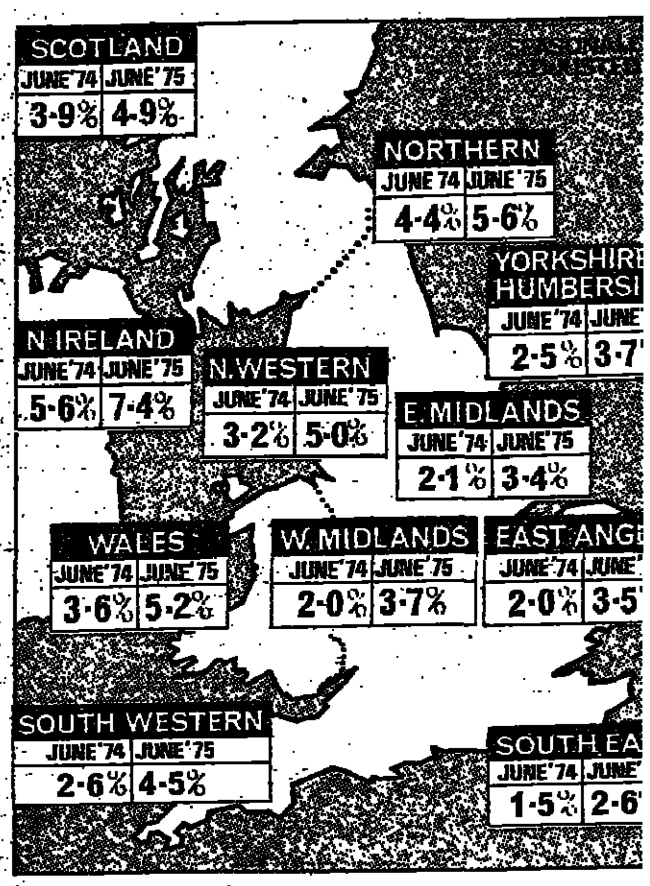
So far this year it has lifted prices in January — which resulted in about 6p going on the price of a bottle — and in April, an increase that put 10p on the retail price.

The April Budget then added another 64p a bottle to Scotch in extra duty and VAT adjustments. Given that the Price Code insists that there be three months between price increases, the next time Distillers can move will be *July 1*.

NEWS ANALYSIS—JOBS

Unemployment fallacies

BY SAMUEL BRITTAN



THE RISING trend in unemployment is for the time being hidden by the normal summer upturn. But as soon as the seasonal influences begin to turn and there are headlines about "a million unemployed"—quite likely by September—we shall hear insistent demands for the Chancellor of the Exchequer to "boost demand" to restore full employment.

The fundamental reason why such a policy would be self-defeating and futile is explained by Professor Milton Friedman in what is perhaps the most important economic pamphlet to be published in the U.K. for several decades.*

Contrary to popular belief, it has nothing to do with the balance of payments, nor with inflation in any simple sense. Even if we were prepared to tolerate a steady non-accelerating rate of inflation, it would still not be possible to fix the level of unemployment at any level we like by boosting demand in the traditional way.

As Professor David Laidler, of Manchester, explains in a "British Commentary" at the end, introducing the analysis to the non-specialist: if the Government attempts to fix the rate of unemployment at any level below some "natural" rate, either the effect will be temporary—and we will raise the rate of inflation with nothing to show in return—or we will have to bear "the unbearable cost of an ultimately explosive inflation."

The expression "natural rate" is in many ways misleading, for it is not fixed in heaven and can be changed by policy.

But there is no financial short-cut to full employment which would avoid tackling politically entrenched practices and policies.

The main Paper by Friedman is devoted to an explanation of the breakdown of the "Phillips curve." The late Professor W. A. Phillips in an article published in 1958 claimed that there was a choice between employment and price stability: the more you have of one, the less you have of the other.

The Phillips relationship has, notoriously, broken down, as we can see from worldwide "stagflation" — a combination of rapidly rising prices and historically high unemployment. The reaction of mainstream British economists and officials to this breakdown has been to assert that wages and prices have little to do with the level of demand and that the main weapon against inflation must be incomes controls or pacts.

Professor Friedman put forward an alternative and more convincing explanation as early as his December, 1967, Presidential Address to the American Economic Association; and his analysis, in conjunction with the march of events, explains why a number of economists and commentators who supported the Maudling "dash for growth" in 1962-64 have now crossed to the other side of the fence.

Very briefly the fallacy of the *Phillips* curve was that it assumed a background of stable prices; but if inflation is 25 per cent., and the demand for labour is boosted, wages and prices will go to a much higher level than if we are starting from zero or 10 per cent. inflation. A demand boost, when unemployment is already at the "natural" rate, causes not inflation but increasing inflation.

The underlying trade-off is not between money wages and employment, but between real wages and employment. The old-fashioned "Keynesian" boost to demand reduced unemployment, only because workers were taken in for a time by higher money wages. Once "money illusion" wears off—nowadays pretty quickly—the employment boost is over.

But what do we do if w[e are] starting from an excessively [high] rate of inflation? To get [back] to stable prices would requ[ire a] period of abnormally high u[nem]ployment, well above [the] "natural" rate. Prof [essor] Laidler fears that to reduc[e in]flation to 5 per cent by [...] would require 1m. or [...] unemployed for the five [inter]vening years. He recomm[ends] "living with inflation" f[or a] pretty long transition.

Unfortunately the erroneous doctrines and [poli]tical presusres that have br[ought] us to 25 per cent. inflation [may] well prevent us living i[n] gently with the disease. My feeling is, along with Prof[essor] Friedman, that the highe[r the] rate of inflation the more Go[vern]ments will intervene with [mar]ket forces in ways which [are] themselves deleterious to em[ploy]ment.

If this is so, we are [in a] "Catch 22" situation and [the] main hope lies in shock [treat]ment which would dramat[ically] affect inflationary expecta[tions].

* *Unemployment versus [Infla]tion; Occasional Paper No [...] Institute of Economic Af[fairs,] 2, Lord North Street, SW1P [...] Price £1.*

HOME NEWS

Oil surplus funds still flowing into London

BY MICHAEL BLANDEN

THE U.K. continued to take a substantial proportion of sharply reduced oil surplus fund investments during the first quarter of this year, according to estimates published in the Bank of England Quarterly Bulletin.

It calculates that with a continued flow into both sterling investments and the London-based Eurocurrency market, the U.K. accounted for some 30 per cent of the total cash surplus available. This compared with some 37 per cent during the whole of last year and around 29 per cent in the final quarter of last year.

The inflow into the U.K., which has continued to help finance the country's balance of trade deficit and support the pound, contrasted with a sharp drop in investment in the U.S. From an average of around 20 per cent of the total last year, investment in the U.S. fell to about 8 per cent, and the Bank reports a noticeable swing towards longer-term forms of investment.

Howe . .he amounts involved were substantially reduced. The Bank estimates that the actual cash surplus available to the oil-exporting countries for Government loans, capital investment abroad or addition to reserves was halved in the first quarter of this year at $8.9bn. compared with $17.4bn. in the final quarter of last year.

IMF facility

There was some fall in the total estimated oil revenues of the exporting countries, reckoned at $25.3bn. against $28.5bn. in the final quarter of 1974 and $93.8bn. for the whole of last year. The decline reflected lower output and prices because of a fall in demand, and some delay in company payments to exporting countries. At the same time, these countries were importing more goods, reducing the surplus even further.

Within the total revenues, $4bn., or almost 16 per cent., was paid in sterling. This shows a fall from the proportion of some 20 per cent. last year as a whole, and with the switch away from sterling payments are expected to drop further to about 12-13 per cent. in the second quarter.

Sterling investments in the U.K. of $1bn. accounted for about 11 per cent. of the total invested, substantially higher than the 7 per cent. recorded oin the fourth quarter of last year. And foreign currency deposits with U.K. banks of $1.7bn. remained at about 20 per cent. of the total.

The flow into the U.S., however, has been reduced from $5.0bn. in the third quarter of last year to $2.6bn. in the final quarter and only $0.7bn. in the first quarter of this year. Within this figure, bank deposits actually showed a fall of $0.5bn.

The share going to foreign currency deposits outside the U.K. and U.S. markets apparently doubled to nearly 30 per cent. Special bilateral facilities, loans to developing countries and loans to international organisations accounted for just over a quarter of the total surplus. This was slightly less than in the previous quarter, reflecting fewer drawings on the IMF oil facility financed by oil exporters.

Oil funds have continued to contribute to the London Eurocurrency market, where the Bank reports that between end-November and mid-February there was a renewed though cautious expansion after the pause in the previous period.

$16.94 by 1980 oil price forecast

THE ORGANISATION of Petroleum Exporting Countries should be able to raise oil prices to around $16.94 a barrel and $17.04 by 1985, from $11.25 by 180 and $17.04 by 1985, from $11.25 in 1974, Mr. James Morrell, director of the Henley Centre for Forecasting, said in London yesterday.

The Centre predicted that OPEC will be able to raise prices closely in line with the likely increase in world manufactured-product prices to 1980, due to the continued dominance of Middle Eeast oil in world energy supplies, he told a seminar on Middle East economic prospects.

The Centre assumes oil prices will fall relative to other prices from 1980 as more economical use of energy and development of alternative supplies begin to affect oil's strong competitive position, Mr. Morrell said.

Middle East oil producer revenues were likely to rise about 66 per cent. between 1974 and 1980 and 114 per cent. by 1985, he said.

Mf. Morrell added that he thought the dollar would strengthen against the SDR, the future OPEC accounting unit, and thus the centre could have overestimated the lik^ely oil price rise.

TSB reorganisation brings 'third force' aim near reality

BY CHRISTOPHER HILL

CONSIDERABLE PROGRESS had been achieved in making the Trustee Savings Banks into the "third force" in banking, said Mr. Tom Bryans, the newly appointed chief general manager of the TSB's central organisation at a meeting in London

By November the network of some 70 savings banks would have been reduced to roughly 17 regional trustee savings banks.

The delay in TSB legislation had caused an equivalent delay in creating the necessary central institution to unite the banks in common purpose. But, with the agreement of the Treasury, reorganisation was preceding the legislation and the new headquarters of the emergent Central Board and the Central Trustee Savings Bank would shortly be located in the same building in Gracechurch Street in the City.

The intention was to use the Central Board as a platform to transform the TSBs into a full-scale personal banking enterprise. The banks' advances in the computer field were particularly stressed. Mr. Bryans also mentioned the greater relative success achieved in the past by the building societies and the life assurance industry in attracting new money, but he thought that, with a wider range of services, the TSB would be well placed to satisfy the demands of its traditional customer, the blue collar worker, who was "increasing his position in the incomes league table."

However, there are no immediate plans to increase the TSB's branch network in London and the south of England because of the cost of opening new branches. The TSBs have traditionally been stronger in the north of England and Scotland.

Forged permits warning

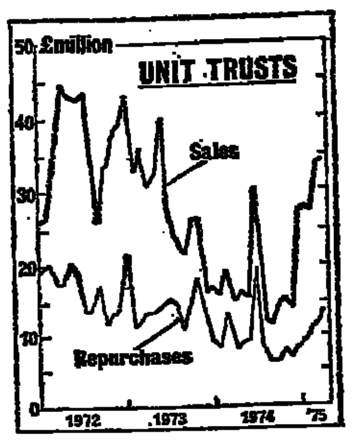
THE ROAD Haulage Association is helping in the fight against the increasing use of forged documens for journeys to the Middle East.

The association has advised members of its international group, who find it necessary to sub-contract a consignment for the Middle East, to check with particular care that the other carrier has the appropriate permits and other documents.

Reports of the increasing use of forged documents for such journeys have been received, the association says. "The concern of foreign governments at the extent of the practice is reflected in greater stringency of frontier checks, with correspondingly longer delays for the vehicles of all operators, legitimate or otherwise."

Firm undertone in unit trust sales

BY CHRISTOPHER HILL



UNIT TRUST sales were slightly higher last month at £34.04m. compared with £33.89m. in April, but repurchases were also higher at £13.5m. against £11.9m. This leaves net new investment for the month at £20.51m., against the April figure of £21.9m.

According to Mr. David Maitland, the managing director of Save and Prosper, the higher sales figures seemed to be overstating the general experience of the industry. Some groups thought that new sales were relatively dull in May compared with the situation earlier this year.

Mr. Maitland thought that the figures for both May and April included a sizeable element of "managed fund" money. Managed funds mostly split their investments between equities, property and fixed interest and have been attracted via unit trusts to the equity market in recent months due to cheap share prices.

In terms of last year the sales figures still look very good. In May, 1974, sales were less than half the present level at £16.24m. and the net level amounted to only £7.6m. The value of funds was also looking healthier last month at £2.34bn. (£1.87bn., in May last year) and the number of unitholders accounts also shows a healthy rise. At the end of May it amounted to 2.22m. against 2.1m. in April, suggesting perhaps that there was more in the sales figures than just the movement of "managed fund" money.

Sales figures for May include the initial launch of the Trident Nil Yield Fund and Mercury International Fund. There was only one initial offer in April.

The cumulative figures for the first five months of this year reflect the true gains of the unit trust field, however. The £150.53m. value of sales is almost twice the level of the same period of 1974 and approaches the £175.4m. achieved in 1973. Cumulative repurchases are also modest at £54.1m. while net new investment is almost treble the level of 1974 at £96.4m.

'MIXED' HOUSING

Derbyshire County Council is sponsoring a housing project at South Normanton where the properties will be a mixture of council, private and housing association homes.

U.K. foreign assets drop £4bn. in year

THE U.K.'s identified net assets abroad — the country's balance sheet "surplus" — fell sharply last year from £5.9bn. at the end of 1973 to £1.9bn., *writes Michael Blanden.*

The decline, the Bank of England points out in to-day's Bulletin, was broadly the measure of the current account balance of payments deficit during the year of about £3.8bn. The figures, however, are subject to some uncertainties over the valuation of investments, and the coincidence with the deficit is "to some extent fortuitous."

The two major reasons for the decline, however, were clearly identifiable. In the private sector, the main factor was the depression in world stock markets, which sharply reduced the value of U.K. portfolio investment overseas.

Treasury bills

In the public sector, the main feature was the rise in overseas borrowing, including both nationalised industry foreign currency borrowing and a large jump of £1,075bn. in overseas holdings of Treasury bills. This was mainly due to increased investment by oil-exporting countries.

The net U.K. position therefore deteriorated in both sectors. The total net external assets of the private sector fell by £2.36bn. to £4.89bn. And the net external liabilities of the public sector, apart from reserves and official financing items and excluding the £595m. borrowed through U.K. banks, rose by £1.14bn. to £2.99bn.

The change in the private sector was more than accounted for by a drop of £2.65bn. in U.K. portfolio investment abroad, of which £1.89bn. was due to the decline in the value of the holdings. On top of this, there was a record net disinvestment by U.K. investors of £765m.

The massive write-down of U.K. portfolio holdings, the Bank states, was partly offset by the halving of the value of overseas portfolio investment in U.K. companies' sterling securities, reflecting the decline on the London stock market.

Among other elements in the private sector, the book value of U.K. direct investment abroad rose by £1.17bn. About half of this was financed from retained profits, with most of the rest coming from foreign currency borrowing of £635m. either direct from abroad or through U.K. banks.

The book value of overseas direct investment in the U.K. rose by £615m., largely because of £365m. of net new acquisitions of shares. This included some £100m. for the purchase of the St. Martin's Property Corporation by Kuwaiti interests. Unremitted profits of £300m. added about as much as in 1973.

Among oil companies, there was a rise of £100m. in the U.K. companies' net assets abroad in spite of the sale of assets in Abu Dhabi and Italy. Against this, overseas oil companies' net assets in the U.K. rose sharply by £800m.

Better figures help Bank keep closer fiscal watch

A MUCH MORE comprehensive, dynamic and up-to-date picture of the business of individual banks is being given by the improved figures now being received by the Bank of England, writes **Michael Blanden.**

If this information had been available a year or two earlier, suggests Mr. George Blunden, head of the Bank of England's supervisory department, it would have been possible to forestall some of the problems experienced in the secondary banking sector.

In a paper presented earlier this year and published in the Bank's Quarterly Bulletin to-day, Mr. Blunden points to the major changes in the Bank's supervisory operations to match the greater demands.

In particular, the statistical information being supplied by the banks has been supplemented by new returns aimed at providing figures related specifically to prudential purposes. They included details about the banks' books, enabling the Bank to build up a complete balance sheet picture.

Besides the normal coverage of the "listed" banks, and apart from the clearing banks which are being given separate treatment, the reporting network has been extended to about 80 other deposit-taking institutions, including the members of the Finance Houses Association.

Mr. Blunden points out that the Bank's operations may also assist other banks in reassuring them of the stability of banks with which they may be involved in business.

He emphasises the importance of the informal and personal character of the Bank's supervisory activities, and rejects suggestions that strict capital ratios should be applied as a rigid rule to determine the viability of banking operations.

Mr. Blunden, in a particularly significant argument, also emphasises that capital ratios of various types have a part to play in guiding the banks, and suggests that the traditional rather simple figures accepted in the U.K. need to be supplemented.

Capital and reserves were needed first to cover a bank's "infrastructure" — its fixed assets and other investments. Then a margin was required to cover risks of loss. For this purpose loan capital seemed quite inappropriate, while even equity capital, which was not easily written down, was not entirely satisfactory.

He also emphasised the importance of liquidity, lack of which had been the cause of most recent banking problems rather than inadequate capital.

IN BRIEF

Fishing limit

Britain should follow Norway's lead and propose that British fishing limits be extended from 12 to 50 nautical miles, a Scottish MP has urged.

Mr. Douglas Henderson, Scottish Nationalist MP for the big fishing area of East Aberdeenshire praised Norway's efforts to extend her fisheries limits. "Norway may yet save the Scottish fishing industry," he said.

Up in smoke

Gallaher is to raise the price of its cigars as a result of the Budget's higher tobacco duty, with miniature cigars costing 4½p more for 10. The company raised its cigarette prices last month, but the cigar price increase has been delayed because of higher stocks of cigars.

Waste centre

Mr. Denis Howell, Minister of State at the Department of the Environment, is to open the Hargreaves Clearwaste Treatment Centre at Wakefield, West Yorkshire, on July 23. The Centre, first of its kind in the North and one of the most advanced in Europe, provides a complete disposal service for almost all kinds of liquid waste, including toxic varieties.

Hawker export

Hawker Siddeley said that the Indian Government had ordered 10 more of the company's HS-748 aircraft, bringing world-wide exports for the model to more than £200m. Out of a total of 308 sold, more than 80 per cent. are for export markets.

Opencast inquiry

A public inquiry is to be held at Consett, Co. Durham, on August 13 into a plan by the National Coal Board to start opencast mining on a 359-acre site at Medomsley.

Waves sank barge

The drilling barge Transocean III, which sank in the North Sea in January last year, was lost because of damage caused by bending movements of waves which eventually caused it to break up, a Department of Energy report said yesterday. The barge, owned by Transocean Drilling of Nassau, was anchored at her intended drilling location when she sank.

The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● COMMUNICATIONS

Working with fibre optics

WITHIN five years or so, optical glass fibre cables are expected to start carrying telecommunications signals over short distances using modulated laser light as the vehicle.

Experimentally it has already proved possible to transmit messages along several kilometres of optical conductors. But the search is still going on for a glass which gives minimum light attenuation and the work is being rapidly pursued in many laboratories around the world.

At Philips Research in Aachen, West Germany, light fibre development is centred in quartz glass materials with appropriately doped cores and attenuations of 10 dB/kilometre have been achieved. This means that over 10 per cent. (and up to 80 per cent. in the best instances) of the light energy fed in is received one kilometre away.

To make these materials, a quartz glass tube is treated internally with a mixture of gaseous silicon and germanium compounds leaving behind an extremely regular layer of a complex glass. The tube is then collapsed and drawn down to constant diameter fibres. These have been shown to give an average attenuation of 14 dB/km at a wavelength of 0.63 micrometre, of which 10 dB represents reflective losses.

Best results

Philips claims these results are the best reported so far and is aiming for 2 km long fibre bundles with improved performance, suitable for light communications cables.

Coincidentally, ASEA-HAFO of Stockholm has found a way of getting far more light energy out of a light-emitting diode and into a fibre bundle. A four-fold improvement results from the use of a tiny parabolic mirror placed around the emitter and feeding a parallel beam into the 2mm fibre bundle.

The LED (1A83) has at the other end of the fibre conduit a counterpart in the form of a photodiode to detect the transmitted light, also equipped with a novel reflecting system to collect 100 per cent. of this light. The gain with the 1AX88 is that it can be made much smaller (¼ size) than the conventional receiver.

Practical applications include invisible guard beam equipment (not using fibre optics) effective over a minimum distance of 50 feet and a thyristor chain control system.

Thyristors in high voltage direct current transmission operate at different potentials in extremely severe electrical environments.

Fibre optics which isolate input from output and are completely immune to electrical output are used to ignite (switch on) each thyristor via a gate control unit. In the reverse direction, the light pulses indicate the state of each thyristor.

ASEA-HAFO, S-162 10 Vallingby, Sweden.

Answers the telephone

DOCTORS, VETS, plumbers, electricians and others on emergency call might find useful a simplified form of telephone answering machine introduced by Robophone, Ambassador House, Brigstock Road, Thornton Heath, Surrey (01-689 2144).

The machine uses a cartridge on which the person leasing the machine can record a message up to three minutes in length. Anyone calling the number to which the machine is attached hears the message, but unlike the more usual machines, he cannot record his own message or comment.

Cost of the machine is thereby reduced and the unit, called Communicator I can be rented for three years at £1.25 excluding VAT per week—about a third of the cost of the more complex machine.

The lessee can record a number of messages on separate cartridges so that the right one for the circumstances can be slotted in before leaving the premises. The machine is about the size of a portable cassette recorder and the telephone sits on top. It can be connected to internal or Post Office lines.

● LIGHTING

Installation costs cut

WHEN installing fluorescent lighting, offering up the spine carrying the control gear and connecting the wires from the ceiling box is a fatiguing, time wasting and irritating job.

When the Department of the Environment found the cost of labour for installation far exceeded the cost of the lighting units, it asked the lighting companies to devise a simpler method — Thorn Lighting has produced the first answer.

Like many good ideas, it is basically simple. All the weighty gear has been taken off the ceiling plate, and transferred to what used to be the cover plate or trough. The ceiling plate is sufficiently light to be easily centred and screwed into place over the ceiling box. The wires are brought through and connected to a plug-in terminal block.

The spine carrying the heavy control gear and lamp sockets is then hooked to one side of the ceiling plate, leaving both hands free to plug it into the socket. The spine is then swung into place and locked by a simple catch.

Known as the Clipper, the new fluorescent units are available in 4 feet (40W), 5 feet (65W) and 6 feet (75W) ratings in single and double versions, with a choice of four reflector and diffuser attachments. A trunking system (replacing the ceiling plate) has also been introduced which makes large installations cheaper and more simple.

Using the trunking savings of up to £2 per fitting in material costs are claimed. The company would not commit itself on potential labour savings, and says this is up to the installing contractor (who may or may not pass it on to the client). The Department of the Environment, which already has substantial installations using the Clipper system, has expressed satisfaction with the savings in labour costs.

Thorn has also developed a new fluorescent tube, the Plus White, which by the use of improved phosphors is stated to give first class colour rendering with high light output.

Used in conjunction with the Clipper fitting, it is claimed that considerable savings can be achieved. For example, where in 1970 28 fittings using "natural" tubes were used to light a room, now only 12 Clippers with Plus White tubes are required. The total cost then was £291, which by 1975 had nearly doubled, now says Thorn, the same illumination can be produced for only £275—less than the cost five years ago. Thorn Lighting is at Upper St. Martin's Lane, London WC2H 9ED (01-836 2444).

● HANDLING

Pedestrian controlled lift trucks

MADE BY the Big Joe Manufacturing Co., of Illinois, U.S., a range of pedestrian controlled lift trucks is being marketed in the U.K. by Tirfor, Halfway, Sheffield (0742 482266).

For handling loads up to 1,000 lb. there are hand propelled trucks, with a manually operated hydraulic lift. Forks, flat carrier, straddle, drum adaptors, etc., are available options.

Machines with a battery driven powered lift, manually maneouvred, have an 18-inch load centre and capacities of 1,000, 1,500 and 2,000 lb. Accessories enable the trucks to be used for narrow aisle stacking, overhead maintenance, tail-gate loading and roll handling.

With lifting capacities of 1,500 and 2,000 lb., and heavy duty models up to 4,000 lb., models are available which are both power driven and with powered lift, but pedestrian controlled.

● COMPONENTS

Anti-skid system

AN ACCELERATION monitor and control system designed to give early warning of rapid and potentially dangerous changes of speed has been introduced by Control Ability, Cambridge Street Works, Great Harwood, Blackburn (0254 48516).

A magnetic sensing head monitors the speed of a toothed wheel on the rotating part—the resultant pulsating signal is processed by the solid state control system. Should the rate of change of speed (acceleration or deceleration) exceed a defined preset limit, a high powered output signal is generated which may be used for alarm or control purposes.

Suggested applications include vehicle anti-skid and anti-jack-nife systems, railway anti-slip, and brake testing equipment. The unit has comprehensive self checking facilities.

● ENERGY

Powered by the sun

BELIEVED to be the only sun-powered air conditioning unit available, a device developed by Arkla Industries of the U.S. is being distributed in the U.K. by Packaged Chillers of Thermal House, Marlborough Road, Watford, Herts (Watford 42222).

Solaire 501-WF is a hot water driven packaged air conditioning unit complete with absorption refrigeration system.

Cooling duty is 36,000 Btu/hr with an air volume of 1,200 cubic ft/min and the heating duty is variable to suit. The Solaire has been designed to operate with hot water to the generator at 180 to 210 deg. F obtained from solar collectors and boosted where required.

The units have been made available for research, development and field testing in conjunction with manufacturers of solar collectors.

● PROCESSES

Tailor-made waste plant

VARICOL, fabricator in plastics material for the plating industry, has reached a working agreement with the ADPEC team of Pierson and Co. (Manchester) to offer its clients tailor-made effluent treatment plants.

Crticism had been levelled for some time that the type of effluent plants offered to the plating industry suffered from two major disadvantages. Either the "plant" was nothing more than a chemical dosing system with complete disregard to the most expensive part, that is, the sludge disposal problems, or the plant was of such a complex nature that only major companies would be able to justify it financially.

Tailor-made plants will be offered simply to ensure maximum efficiency at, in most cases, reduced overall cost. In all cases water re-use and solid waste disposal will feature prominently in the design which will take into account the type of plating works, local conditions, method of operation, space and, of course, capital requirements. Regarding the latter in most cases it will be possible to lease the plant to spread the capital outlay more evenly.

To ensure a complete understanding of the problems by both parties one of the ADPEC teams' process engineers will be made available, free of charge, for a first day's assessment.

Inquiries to Varicol, Bayton Road, Exhall, Coventry. Bedworth (0203) 311411.

Polishing vessels

BY POOLING their know-how two companies have achieved an advance in electro-polishing technique—they are Hobal Engineering, Thetford, Norfolk (0842 - 2381) and Poligrat, Birmingham.

Rohm and Haas (U.K.)—the British subsidiary of Rohm and Haas Company, Philadelphia, U.S.—ordered a steel reactor 18ft. long and ten feet in diameter, with the internal surfaces polished, from Hobal Engineering.

As an alternative to the conventional mechanical methods, Hobal decided to use electro-polishing and worked in conjunction with Poligrat to upgrade that company's existing technique to cope with the large reactor.

The electro-polishing — believed to be the first application of this technique on a large reactor in this country—took 36 hours and was watched by delegates from France and America. The finish is stated to at least equal those produced by other methods used for this work. It is achieved by using a combination of a special chemical solution and direct current.

The method electro-chemically erodes the surface of the metal leaving a smooth bright finish. According to Rohm and Haas this finish is more satisfactory for the chemical process taking place in the vessel than a mirror surface, as it drains more easily.

The vessel is made from 316 stainless steel containing molybdenum and titanium. When this is mechanically polished, the polishing mop may pick up titanium carbide asperities and produce unacceptable "sleeks" on the polished surface. This does not happen with the new technique.

Centrifugal solids pump

INCREASED EFFICIENCY, reduced maintenance and an improved vacuum system giving a consistently high performance from minimum to maximum lift are among advantages claimed for the latest centrifugal pump introduced in the Velovac range by Sykes Pumps, Woolwich Road, Charlton, London, SE7 7AP (01-858 8121).

The Mark II model VC6 is a solids handling pump designed for applications in all sections of industry, including construction, engineering, public services and processing. Among its principal features is its automatic and rapid vacuum operated priming, of value where fluctuating suction conditions are encountered, as with well-pointed, intermittent inflows and long suction lines.

There is a facility for rapid clearance of a blocked hose or strainer. An adjustable control valve provides a smoother flow enabling the engine to run more evenly and with less noise. Normally fitted with a Lister HR2 air-cooled diesel engine, an electric motor is available as an alternative.

● SERVICES

Quality guidance

AN ENLARGED second edition of "Quality Technology Handbook" has been published by IPC Science and Technology Press, 32 High Street, Guildford, Surrey (0483 71661). It offers industrial users an international guide to quality assurance based on the information service of the Nondestructive Testing Centre at UKAEA, Harwell.

The handbook is intended to help engineers and designers in any industry to meet increasing demands on their products for improved performance under higher stress and in increasingly difficult environments.

There are directories of relevant research establishments, suppliers, consultants, societies and manufacturers covering the U.K., Western Europe, and other parts of the world, a standards list, sections on safety, patents and education, and a much expanded technical section. The price is £14.

● MATERIALS

Versatile plastics sheet

THIN polypropylene sheet suitable for thermoforming has been developed by Doeflex Industries, Holmethorpe Industrial Estate, Redhill, Surrey (Redhill 64726)—a member of the Batchelor Robinson Group.

To allow automatic machines to use it, the sheet is made from high molecular weight grades of polypropylene. It is stated to be suitable for applications in the food packaging industry, such as "cook-in-container" pudding basins. Other uses include such items as oven cleaning pads. An industrial application is its use in the manufacture of cooling tower packings.

These applications result from the properties of the sheet which include its ability to be sterilised up to a temperature of 130 deg.C and resistance to a range of chemicals.

● RADIO & TV

Makers put out aerials standard

THE PRINCIPAL manufacturers of domestic television and radio aerials remain concerned about the quality of installation the viewer or listener is supplied with.

Complaints continue to arise, and because these are sometimes due to a poor quality product (as distinct from bad installation, which is another matter), the makers revived the British Aerials Standards Council in 1972 and have now issued a technical standard which it is hoped in due course will be converted into a British Standard. Members of the Council are Aerialite Aerials, Antiference, Jaybeam, Telerection Products and Wolsey Electronics.

The standard covers the UHF and VHF bands and defines among other things the aerial parameters that should be specified by the maker including impedance, bandwidth, directivity, cross polarisation rejection, beamwidth, forward gain, wind loading, vibration tests, atmospheric tests and dimensions/weight. Existing relevant standards, work and studies of the IEC, BSI and CCIR have been freely drawn upon.

BASC has also issued a leaflet aimed at the general public which it is hoped will make installation purchasers think twice before allowing possibly suspect makes of aerial to be erected. According to some BASC members, it is not unknown for certain firms to copy their proved designs but without the technical knowledge, quality control and testing facilities—with predictable long term results for the purchaser. Further information from the secretary, 27, Ingarsby Lane, Houghton on the Hill, Leicester LE7 9JJ (Thurnby 6473).

LABOUR NEWS

ICI craftsmen widen protest at 26% offer

BY CHRISTIAN TYLER, LABOUR STAFF

UNREST AT ICI, which has already closed the huge petrochemicals complex on Tees-side, spread further yesterday.

Craftsmen at a Huddersfield factory in the organics division decided to hold a 24-hour strike to-day, and the rest of the 1,700 workers were said by a union official to be imposing an overtime ban.

The protest action is against ICI's country-wide pay offer of 26 per cent., which will be formally rejected at national level talks in London on Monday. The most serious outbreak is at Wilton, on Tees-side, where 9,000 workers are on strike.

ICI has warned union leaders that virtually all its operations will come to a halt in a few weeks if the Wilton situation is not resolved.

The protests are being headed by the craft unions, who are demanding restoration of pay relativities with the general workers and seeking a £16.50-a-week increase as against the £12.50 offered.

The Tees-side district committee of the Amalgamated Union of Engineering Workers has asked the union's national executive to give official support to the strike of 4,000 craftsmen at Wilton and nearby Billingham.

Mr. Harold Robson, district secretary, said yesterday that the night-and-day picket by 600 men at Wilton would continue until the outcome of Monday's talks was known.

There are also picket lines at Billingham, and production of fertilisers and other products is affected. But shop stewards representing the 4,500 process workers there decided yesterday not to turn an overtime ban into a strike. A further decision will be taken after Monday.

Despite the lack of demand for many chemical-based products, the closure of Wilton has particularly serious implications for ICI's manufacture of man-made fibres and plastics. Wilton is the heart of the ICI operation, supplying base chemicals not only for fibres and plastics but also agricultural products, paints, dyestuffs and general chemicals.

Scottish miners to seek £100 a week for coalface workers

BY CHRIS BAUR, SCOTTISH CORRESPONDENT

LEADERS OF Scotland's 20,000 miners yesterday aligned themselves firmly with colleagues in Yorkshire and South Wales in demanding wage increases of up to £39 a week.

With a clear hint from their leader, Mr. Michael McGahey, that the Government would not risk another confrontation with the miners, delegates at the Scottish Regional Conference of the NUM in Inverness unanimously backed a call for a national strike ballot if their demand for a top weekly rate of £100 was not conceded.

The predictable move on the wage front by the traditionally militant Scottish area, followed Wednesday's outright rejection of the social contract and the assertion by the conference that the contract's wage restraint elements must be replaced by an immediate return to free collctive bargaining.

Resolution

With no delegate speaking against it, the conference adopted a resolution seeking a rise from £41 to £70 in the weekly rate for surface workers; from £47 to £80 for underground workers and from £81 to £100 for face-workers. It wants this implemented from November 1, only eight months after the payment of its last settlement.

The resolution will go frward with similar ones from the Yorkshire and South Wales areas to the union's national policy-making conference in Scarborough next month when it will come under attack from the union's more moderate areas. It also insists that if the claim was not met, the membership should be consulted on strike action through a ballot (which requires a 55 per cent. majority).

Mr. McGahey, the Scottish area president and the national vice-president of the union, referred to the fact that the resolution had not been inspired by the Scottish executive. It was an amalgam, of proposals submitted by four pit branches.

He said he hoped the campaign for the proposed new pay rates would begin at once. Then, in an allusion to the Government and National Coal Board backing away from a threatened miners' strike, he told delegates to "get the boys at the pits geared up and confident and ready for action if necessary—that will be the best way of avoiding a confrontation: they will meet the demand."

He warned the union that it would be subjected to attack by the media for the 60 per cent.-plus increases it sought.

Minister asked to intervene at Shell

BY OUR LABOUR STAFF

Mr. Michael Foot, Employment Secretary, has been asked to intervene in a three-week-old pay strike by 36 controllers which threatens to close down Shell's big oil refinery in the Thames estuary.

The Shellhaven refinery could shut in ten days to a fortnight, a company spokesman said yesterday, because lorry drivers and railmen were refusing to deliver essential supplies in support of the strikers.

Closure would have no immediate effect on supplies of petrol and other oil products, because stocks at terminals were high and petrol deliveries from terminals to garages could continue to the end of the month at least and possibly well beyond, unless the refinery strikers succeed in persuading tanker drivers to support them.

A prolonged closure would, however, affect supplies in the South-East area.

The strike is over a productivity claim by the men for 10 per cent. wage increases, in addition to the annual wage deal last January for all 3,400 of Shell's process workers at five big refineries.

Industrial action to limit jobless urged

BY JOHN WYLES, LABOUR REPORTER, IN HASTINGS

THE Amalgamated Union of Engineering Workers yesterday spelled out its concern at spiralling unemployment and pledged full support for workers who fight redundancies by industrial action.

On the same day as the unemployment figures revealed the highest June total since 1948, delegates at the AUEW's annual conference here unanimously supported a motion accusing employers of using unemployment "as a means of disciplining workers and undermining their bargaining power."

They instructed the AUEW national executive to support members who take industrial action against redundancies, and then cast their net wider by calling for an amendment to the Employment Protection Bill which would force employers to keep workers on their payroll "until alternative work is found"

Militant action

While Left-wingers were pleased to have won a formal commitment to militant action, they did not see the success of the resolution as a major advance in AUEW policy.

It was pointed out that previous conferences have confirmed policies demanding "the right to work" and backed these up with promises of support for industrial action.

The union's executive has on several occasions acted in line with these motions and provided financial backing for workers on strike in opposition to redundancy.

Having already rejected the social contract this week, and then called for an economic package based on increased social spending, the AUEW yesterday added a demand for retirement pensions equal to 85 per cent. of average national earnings.

Delegates voted unanimously for a motion which also urged payment of the pension rises out of general taxation instead of from deductions from wages and salaries.

They backed up their demands with a call on the TUC to stage a one-day stoppage if no acceptable advances were made.

Hospital staff £10 demand

A MINIMUM pay rise of £10 for some 120,00 hospital ancillary workers was demanded by the annual conference of the Confederation of Health Service Employees in Blackpool yesterday.

If realised in the next annual pay negotiations, this would mean a 33 per cent. increase in the present basic rate for ancillary workers in the NHS.

The National Union of Public Employees, the other major Health Service Union, is demanding a similar rise in the minimum rate.

Courtaulds to shut textile plant after strike by engineers

BY OUR LABOUR STAFF

COURTAULDS is to close its textile factory at Spennymoor, Co. Durham, to-day, because of a strike by 180 engineering workers. The company said last night the closure would take effect from 7 a.m.

About 1,300 other workers, the majority members of the National Union of Dyers, Bleachers and Textile Workers, will be laid off. The engineers went on strike yesterday in support of an 11 per cent. pay claim which would give them an extra £6 a week.

Earlier talks between the company and Amalgamated Union of Engineering Workers' officials had failed to reach a settlement, and more talks were planned for next week.

The company said last night that the dispute had arisen only four months after a new pay agreement gave the engineers increases of up to 24 per cent. "The problems facing the Spennymoor side are very serious indeed. We are directly affected by the world textile recession and high labour costs and it is essential for us to operate efficiently."

Mr. Harry Hammond, district secretary of the AUEW, was not available for comment last night. Mr. George Carter, of the Dyers and Bleachers, said: "This is a very sad situation. It is fresh to us, though it wasn't completely unexpected."

This is the third major dispute at the factory in the past 12 months.

● A peace formula prepared after informal talks between Courtaulds and the Transport and General Workers' Union will be put to a meeting of 1,400 striking process workers at Aintree this morning. They have been on strike for nine days over a £6.50 a week pay claim.

Dockers seek interim pay rises after six months

BY ROY ROGERS, LABOUR CORRESPONDENT

SOME 4,000 dockers in Southampton and London are demanding interim pay increases six months before their present wage agreements are due to expire.

Southampton's 2,300 dockers decided yesterday to withdraw from their agreement and revert to the national agreement from Monday—which in effect means a ban on all overtime and week-end working following—the rejection of their demand for a "substantial" interim increase.

They base their claim on the rise in the cost of living since their 14 per cent. settlement in January and the fact that since then dockers in London's enclosed group of docks have won increases of well over 30 per cent.

The threatened sanctions will be most effective on the port's 24-hour operations such as the container terminal. They will also mean that the Southampton dockers will fall back to the £30 a week national minimum rate as opposed to the £58 minimum under their local agreement.

London's 1,800 riverside dockers, who accepted 20 per cent. rises last January, are also seeking "substantial" increases on the basis of the rising cost of living and the enclosed docks deal. But here, the employers are likely to offer a "one off" cost of living allowance which would be consolidated and taken into account in negotiations for next January's annual deal.

Little scope

London port employers and docks union leaders have now agreed to make a further joint approach to management at non-registered container depots around London to try to persuade them to become registered under the National Dock Labour Scheme thereby creating more work for registered dockers.

This idea, first mooted in the 1972 Aldington-Jones report on the docks industry, realised some 500 new jobs for dockers but there appears to be little scope for much further improvement.

The renewed approach stems from the recommendations of the Advisory Conciliation and Arbitration Service inquiry into the London docks strike earlier this year.

Benn wants close ties with unions on energy

BY OUR LABOUR STAFF

MR. ANTHONY Wedgwood Benn yesterday expressed his desire for close consultation with trade unions and workers on energy policy when he held his first meeting with the TUC fuel and power industry committee in his new capacity as Energy Secretary.

But no concrete promises were made or problems settled during the 45-minute meeting.

The union representatives raised a number of issues, including the difficulties they encounter in organising workers on North Sea oil rigs. On this point Mr. Benn was said to have promised the unions all the help he could give.

He remained rather non-committal, however, on the union's demand that they should have a representative on the Board of the proposed National Oil Corporation and that the Government must remain a majority shareholder in British Petroleum.

Backlash at Rover plant

BY OUR MIDLANDS CORRESPONDENT

A BACKLASH strike of 200 electricians and fitters yesterday kept British Leyland's Rover plant at Solihull idle for a fourth day and brought production losses to £2.5m. Some 5,000 of the 6,000 labour force recalled after a three-day strike by all 10,000 workers at nine Midlands and Welsh factories had to be sent home.

The 200 claimed that, despite an agreement with other unions, pickets refused to let them into the Solihull factory for maintenance work and tore up their passes.

Their action did not prevent pay negotiations being resumed. The negotiating committee has been given carte blanche to call further strikes. Management's offer of 16-17 per cent. would lift main-grade pay to £61.40.

Similar negotations for 8,000 Triumph workers in the Rover Triumph division at Coventry and Liverpool—who also have rejected an initial offer and who threaten to strike indefinitely from the end of the month—begin next week.

At Ford's Dagenham plant about 4,000 workers in the engine plant have been laid off this week as an indirect result of the doorhangers' strike which was settled on Wednesday.

Next week the whole plant is scheduled to resume normal production after eight weeks, a company spokesman said.

Bonus for staff who cut costs

A COST-CUTTING exercise has saved the Sterling Winthrop group about £1m. in the last half year against a target of £2m. to £3m. a year.

The group, which employs 1,700 at two Newcastle drug-making factories, is to give a special "appreciation payment" of £2.50 a week to all employees who have not had a pay rise since November 1 and an extra week's paid holiday for non-production staff.

Award for clerical staff

SOME 1,600 clerical and computer staff employed by Lloyds and Scottish Finance will get a 22.5 per cent. pay rise this month on top of threshold payments consolidated last December, the National Union of Bank employees announced yesterday.

Total rises over the past 12 months range from 37 per cent. to 54 per cent. NUBE also announced that it is taking the Standard and Chartered Bank to arbitration over a 30 per cent. claim on behalf of 1,800 staff.

This document contains particulars given in compliance with the Regulations of the Council of The Stock Exchange for the purpose of giving information to the public with regard to Ennia Finance (U.K.) Limited and Ennia N.V. The Directors of Ennia Finance (U.K.) Limited and the members of the Supervisory and Management Boards of Ennia N.V. collectively and individually accept full responsibility for the accuracy of the information given herein with regard to their respective companies and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading. Application has been made to the Council of The Stock Exchange for admission to the Official List of the £5,000,000 9 per cent. Convertible Guaranteed Unsecured Loan Stock 1985/90 of Ennia Finance (U.K.) Limited, the 1,645,076 issued Ordinary shares of DFl.20 each of Ennia N.V. and the Bearer Depositary Receipts issued in respect of certain of such shares.

ennia nv

Placing of £5,000,000

9 per cent. Convertible Guaranteed Unsecured Loan Stock 1985/90 of

Ennia Finance (U.K.) Limited

(incorporated in England under the Companies Act 1948)

unconditionally guaranteed as to payment of principal, premium, if any, and interest by, and convertible on and after 1st January, 1976 into Bearer Depositary Receipts in respect of Ordinary shares of

Ennia N.V.

(incorporated with limited liability in and under the laws of The Netherlands)

Issue Price £100 per cent. payable in full on acceptance

All references herein to "guilders" ("DFl.") are to Netherlands guilders unless otherwise indicated.

The £5,000,000 9 per cent. Convertible Guaranteed Unsecured Loan Stock 1985/90 (the "Stock") of Ennia Finance (U.K.) Limited (the "Company") now being issued may be converted, subject to earlier redemption, during the period 1st January, 1976 to 20th June, 1990 at the option of the holders into Bearer Depositary Receipts ("BDRs") in respect of the Ordinary shares of DFl. 20 each of Ennia N.V. ("Ennia") at the rate (variable in certain events) of 4.382 BDRs per £100 Stock (equivalent to a conversion price of DFl. 125 per BDR).

On conversion a cash payment may be necessary (a) to cover any variation between £100 and DFl. 547.79 in the sterling/guilder rate of exchange and/or (b) to comply with United Kingdom Exchange Control regulations. Full details are set out in Appendix 1 below.

The BDRs are listed on the Amsterdam Stock Exchange. The closing price for BDRs on 18th June, 1975 was DFl. 117.

A copy of this document, having attached thereto the documents specified herein, has been delivered to the Registrar of Companies in London for registration.

In accordance with the requirements of the Council of The Stock Exchange £500,000 of the Stock will be available in the market on Friday, 20th June, 1975.

J. Henry Schroder Wagg & Co. Limited and **European Banking Company Limited**

have agreed to place the Stock

STOCKBROKERS IN THE UNITED KINGDOM
W. Greenwell & Co.,
Bow Bells House, Bread Street, London EC4M 9EL and The Stock Exchange

TRUSTEE FOR THE STOCK
The Law Debenture Corporation, Limited,
Winchester House, 77 London Wall, London EC2N 1DA

LEGAL ADVISERS
To ENNIA FINANCE (U.K.) LIMITED and ENNIA N.V.:
Freshfields,
Grindall House, 25 Newgate Street, London EC1A 7LH
Buruma, Lely, Maris en Meyer,
29 van Stolkweg, The Hague, The Netherlands
To the Banks and the Trustee:
Linklaters & Paines,
Barrington House, 59/67 Gresham Street, London EC2V 7JA

LEGAL ADVISERS (continued)
To the Banks and the Trustee:
Blackstone, Rueb en van Boeschoten,
27 Koninginnegracht, The Hague, The Netherlands

AUDITORS AND REPORTING ACCOUNTANTS
To ENNIA FINANCE (U.K.) LIMITED:
Coopers & Lybrand, *Chartered Accountants,*
Abacus House, Gutter Lane, London EC2V 8AH
To ENNIA N.V.:
Moret & Limperg, *Accountants,*
370 Sir Winston Churchilllaan, Rijswijk, The Netherlands

PRINCIPAL BANKERS
To ENNIA N.V.:
Amsterdam-Rotterdam Bank N.V., 595 Herengracht, Amsterdam, The Netherlands
Algemene Bank Nederland N.V., 32 Vijzelstraat, Amsterdam, The Netherlands

PRINCIPAL BANKERS (continued)
To ENNIA FINANCE (U.K.) LIMITED:
National Westminster Bank Limited, 1 Princes Street, London EC2P 2AH

RECEIVING BANKERS
Midland Bank Limited,
New Issue Department, Mariner House, Pepys Street, London EC3N 4DA

REGISTRARS FOR THE STOCK
Midland Bank Limited,
Registrar's Department, Courtwood House, Silver Street Head, Sheffield S1 3RD

CONVERSION AGENT
European Banking Company Limited, 40 Basinghall Street, London EC2P 2DY

DEPOSITARY FOR THE BDRs
N.V. Administratiekantoor Christiaan Huygens,
558 Keizersgracht, Amsterdam, The Netherlands

Ennia N.V.

(At the close of business on 18th June, 1975 the rate of exchange in the official currency market was £1 = DFl. 5.46.)

HISTORY

Ennia was incorporated under the Netherlands Commercial Code in 1969 as a result of the merger of two Dutch insurance companies, Eerste Nederlandsche Verzekering-Maatschappij op het Leven en tegen Invaliditeit N.V. ("First Netherlands") and Verenigde Nillmij N.V. ("Nillmij"), both with headquarters in The Hague.

First Netherlands was incorporated in 1882, primarily as a life assurance company. It was the first insurance company to provide disability insurance in The Netherlands. In 1902 a wholly-owned subsidiary, N.V. Nieuwe Eerste Nederlandsche, was formed to carry on general insurance. Nillmij was first incorporated in 1859 as a life assurance company in the Dutch East Indies (now Indonesia). Operations were later expanded to The Netherlands where a wholly-owned subsidiary was established in 1936. In 1950 Nillmij merged with N.V. Levensverzekering Maatschappij Arnhem. The organisational structure was thereafter changed so that the Dutch subsidiary of Nillmij became the parent company of the group.

Following the merger in 1969, First Netherlands and Nillmij continued to operate separately, with the group being known as Eerste Nederlandsche-Nillmij N.V. In 1972 the name of the group was changed to Ennia N.V., and in 1973 a major organisational change took place whereby the existing funds, administration and sales organisations respectively of the main life assurance and general insurance subsidiaries of the original constituent companies were amalgamated into one life assurance subsidiary, Ennia Levensverzekering N.V. ("Ennia Life"), and one general insurance subsidiary, Ennia Schadeverzekering N.V. ("Ennia General"), which is a subsidiary of Ennia Life. Two smaller wholly-owned insurance subsidiaries, N.V. Algemeene Levensverzekering-Bank and N.V. Verzekerings Maatschappij "De Oude Zwolsche van 1895" (acquired in 1971), continue to operate separately.

Since the merger, Ennia has followed a policy of expanding its insurance interests abroad. In 1972 a 5 per cent. interest was acquired in The Insurance Corporation of Ireland Limited, and in 1973 a 20 per cent. interest was acquired in that company's newly formed life assurance subsidiary, The Insurance Corporation of Ireland (Life) Limited, which commenced operations on 1st January, 1975. Both these companies are incorporated in the Republic of Ireland. In 1974 Ennia acquired a 35 per cent. interest in a Belgian general insurance company, Mercator N.V., Algemene Verzekerings Maatschappij of Antwerp ("Mercator"). Also in 1974 the whole of the share capitals of Triumph Underwriting Agencies Limited and Triumph Insurance Company Limited, both incorporated in England, were acquired, and the names were changed to Ennia Holdings (U.K.) Limited and Ennia Insurance Company (U.K.) Limited respectively.

In recent years Ennia has also extended its activities beyond insurance into a number of associated financial activities, such as personal loans, hire purchase, mortgage finance and the provision of finance for professional practices, and into the leisure industry.

BUSINESS

Ennia is the holding company of a number of subsidiary and associated companies operating in three main areas: life assurance, general insurance and non-insurance activities. Gross receipts (including gross premium income) from those activities over the past five years have been as follows:—

DFl. millions	*1970*	*1971*	*1972*	*1973*	*1974†* (i)	*1974†* (ii)
Life Assurance*	440 (73%)	492 (71%)	532 (71%)	631 (70%)	727 (70%)	728 (61%)
General Insurance*	150 (25%)	191 (27%)	220 (27%)	242 (27%)	262 (25%)	402 (34%)
Non-insurance activities	10 (2%)	13 (2%)	16 (2%)	33 (3%)	55 (5%)	55 (5%)
	600	696	818	906	1.044	1.185

* Includes gross premiums before reinsurance and gross income from investments and other sources.
† The figures for 1974 are shown (i) excluding, and (ii) including, gross premiums of Ennia U.K. for the same period.

Although most revenue is generated from within The Netherlands, the proportion of revenue contributed by operations abroad is expected to increase. It is Ennia's intention to maintain the expansion of its foreign activities both through the growth of existing subsidiaries and affiliates and through the acquisition of new insurance interests.

The trend of the relative importance of the three main areas of Ennia's business reflected in the table above is expected to continue. While the Group plans to maintain its strong position in the Dutch insurance market and to expand its foreign insurance activities, it considers it prudent, in the current inflationary and political climate, to continue its planned programme of diversification into related activities outside insurance, where its marketing strength and expertise in investment analysis and property management may be profitably employed.

Life Assurance

The life assurance business of the Group is undertaken largely by Ennia Life, with N.V. Algemeene Levensverzekering-Bank writing a small amount of industrial life business. Over the past five years business has increased as shown in the following table:—

DFl. millions	*1970*	*1971*	*1972*	*1973*	*1974*
New sums assured	2.440	2.598	3.101	3.419	4.038
Total sums assured at year end	13.763	14.958	16.227	17.849	20.182
Premium income:					
annual	265.2	285.9	344.2	356.7	415.0
single	36.8	49.2	55.6	80.4	94.8
Total premium income	302.0	335.1	399.8	437.1	509.8
Less: Reinsurance premiums	14.6	19.1	41.3	42.1	49.5
	287.4	316.0	358.5	395.0	460.3

The geographical breakdown of premium income for the year ended 31st December, 1974 was as follows:—

	DFl. millions
The Netherlands	486.6
Belgium	9.2
Germany	4.9
Rest of the world	9.1
	509.8

Ennia Finance (U.K.) Limited

Incorporation

The Company, which is a wholly-owned subsidiary of Ennia Holdings (U.K.) Limited ("Holdings"), was incorporated in England on 2nd May, 1975. The Company has an authorised, issued and paid up share capital of £10,000 divided into 10,000 Ordinary shares of £1 each, and has not traded.

Holdings is a wholly-owned subsidiary of Ennia N.V. ("Ennia"), incorporated in and under the laws of The Netherlands.

The Company has been established for the purpose of providing finance to Ennia's U.K. subsidiaries.

Directors

Harm Buiter (Chairman),
3 Duinrooslaan, Wassenaar, The Netherlands (Dutch)
Member of The Management Board of Ennia,

William Seater Henderson,
Flat 4, 3 Sloane Court East, London SW3 4TQ
Executive Director of Holdings,

Richard Iain Gordon Hardcastle,
110 Station Road, Barnes Common, London SW13 0MB
Executive Director of Holdings,

Jacobus Franciscus Maria Peters,
5 F. D. Rooseveltlaan, Rijswijk, The Netherlands (Dutch)
Finance Manager of Ennia.

Secretary and Registered Office

P. B. Bryan, M.A.,
Fountain House, 130 Fenchurch Street, London EC3 5DJ

Purpose of the Issue

The net proceeds of the proposed issue of £5,000,000 9 per cent. Convertible Guaranteed Unsecured Loan Stock 1985/90 of the Company ("the Stock"), estimated at £4,833,000, will be lent on to Holdings and used to finance the U.K. operations of Ennia and its subsidiaries ("the Group"), including repayment of bank borrowings made by Holdings to acquire all the issued share capital of Ennia Insurance Company (U.K.) Limited ("Ennia U.K.") other than that already held by it and to subscribe further share capital in Ennia U.K.

Holdings

A description of the U.K. operations of the Group is set out below, together with certain financial information relating to Holdings and its subsidiaries.

Accountants' Report

The following is a copy of the Report which has been received from the Company's Auditors, Coopers & Lybrand:—

To the Directors:
ENNIA FINANCE (U.K.) LIMITED

Abacus House, Gutter Lane,
London EC2V 8AH
19th June, 1975.

Gentlemen,

We report that your Company was incorporated on 2nd May, 1975, that no accounts have been made up, that no dividend has been paid and that the Company has not traded.

Yours truly,
COOPERS & LYBRAND,
Chartered Accountants.

PRINCIPAL DEFINITIONS

Abbreviation: — Definition:

Ennia — Ennia N.V.
The Group — Ennia N.V. and its subsidiaries
The Company — Ennia Finance (U.K.) Limited
Holdings — Ennia Holdings (U.K.) Limited
Ennia U.K. — Ennia Insurance Company (U.K.) Limited
Ennia Life — Ennia Levensverzekering N.V.
Ennia General — Ennia Schadeverzekering N.V.
Mercator — Mercator N.V., Algemene Verzekerings Maatschappij
The Banks — J. Henry Schroder Wagg & Co. Limited and European Banking Company Limited

Individual policies comprise 48 per cent. of the existing portfolio and group policies 52 per cent. Business transacted under group policies on behalf of companies do not attract bonuses, but receive interest rate rebates which increase in line with the current market rate of interest. Such rebates may be paid out in cash, used for the following year's premiums or used to improve pension benefits.

Temporary life policies are not profit sharing. For other individual life underwriting there are two basic types of "with profits" policy. The older type participates in the profits of the issuing company.

In 1970 a new type of endowment policy was introduced, in which the policyholder participates in the difference between the current rate of interest and 4 per cent. Some of these policies provide that the holder is contractually entitled to 80 per cent. of such "surplus" interest subject to the issuing company retaining at least ½ per cent. "surplus" interest. Other policies entitle the holders to the whole of the "surplus" interest in excess of ½ per cent., but only when the profits of the issuing company so permit.

In the five years ended 31st December, 1974 policyholders' participations were as follows:—

DFl. millions	*1970*	*1971*	*1972*	*1973*	*1974*
Interest-rate rebates	34.0	28.5	34.2	30.1	52.5
Surplus interest bonuses	—	2.1	2.6	3.2	6.9
Other forms of profit sharing	8.7	12.7	10.6	11.7	12.5
	42.7	43.3	47.4	45.0	71.9

Profits before policyholders' participations and new business expenses are considered to have developed satisfactorily, but the relatively large increase in such participations has resulted in less favourable pre-tax profits for the life assurance subsidiaries. Pre-tax profits (excluding items dealt with in Retained Profits and Reserves) from life assurance activities over the past five years have been as follows:—

	1970	*1971*	*1972*	*1973*	*1974*
DFl. millions	21.6	26.2	17.4	19.4	16.3

Over this period pre-tax profits have been particularly affected by *(a)* unquantifiable administration expenses arising from the integration of the constituent businesses and additional to the identifiable expenditure which has been charged direct to Retained Profits and Reserves, *(b)* losses arising from the waiver of premium payments during periods of disability, the costs being included in the revenue accounts under "claims paid and surrenders", and *(c)* the adverse effect on current profits, at a time of significant business expansion, of the Group's practice in The Netherlands of charging all expenses of obtaining new business in the year in which they are incurred without at the same time modifying the actuarial assessment of liabilities to policyholders. The costs of such charges in the past five years were as follows:—

	1970	*1971*	*1972*	*1973*	*1974*
DFl. millions	45.3	50.8	62.4	61.7	66.9

In the near future Ennia expects that the growth of excess investment income over interest attributable to the life fund will exceed the growth of initial expenses and the growth of disability waiver costs, and that the resulting life assurance profits will be sufficient to provide an increasing contribution to Group profits without materially affecting the level which policyholders' participations have reached in recent years.

The Netherlands Government is currently engaged in discussion with, *inter alia*, the unions and the insurance industry in The Netherlands regarding the introduction of a compulsory pension fund for all employees. In due course this might affect the growth of the Group's life portfolio in The Netherlands, but it is impossible at this stage to forecast the outcome of the discussions or the effects of any subsequent legislation which is not expected to become effective until 1980 at the earliest.

General Insurance

The general insurance business of the Group is undertaken in The Netherlands largely by Ennia General. In 1974 Ennia significantly increased its overseas interests in the general insurance sector by the acquisition of Ennia U.K. Through this company, which obtains nearly all of its business from brokers in the London market, Ennia has gained a foothold in an important international centre of the insurance industry. Also in 1974 a 35 per cent. interest was acquired in an unlisted Belgian general insurance company, Mercator. Ennia has subsequently announced its intention to make cash offers for the rest of Mercator's share capital and is currently engaged in negotiations with certain substantial shareholders of Mercator. Mercator's premium income in 1974 totalled approximately the equivalent of DFl. 70 million and that of Ennia U.K. approximately the equivalent of DFl. 123.5 million.

The following table sets out the gross premium income deriving from the main sectors of the Group's general insurance activities for the past five completed financial years:—

DFl. millions	*1970*	*1971*	*1972*	*1973*	*1974*** (i)	*1974*** (ii)
Gross premium income:						
Fire	36.8	44.7	47.2	55.1	60.8	91.9
Health and personal accident	38.0	45.7	57.6	61.8	67.5	68.9
Liability and miscellaneous (including motor)	55.1	74.9	90.7	95.7	100.4	151.3
Marine, aviation and transport	13.7	17.7	17.1	20.3	22.7	62.8
	143.6	183.0	212.6	232.9	251.4	374.9
Less: Reinsurance premiums	33.4	38.7	40.6	42.9	50.1	88.9
	110.2	144.3	172.0	190.0	201.3	286.0

**The figures for 1974 are shown (i) excluding, and (ii) including, gross premium income of Ennia U.K. for the same period.

Gross premium income from general insurance outside The Netherlands was 14 per cent. of aggregate gross premium income in both 1973 and 1974. Including Ennia U.K.'s contribution for 1974 this would increase to 42 per cent.

The gross premium income of the Group (including Ennia U.K.) for the year ended 31st December, 1974 has been underwritten in the following countries:—

DFl. millions	
The Netherlands	215.9
United Kingdom	124.7
Other EEC	10.7
Rest of the world	23.6
	374.9

ennia nv —continued

Pre-tax profits/(losses) (*excluding items dealt with in Retained Profits and Reserves*) from general insurance over the past five years have been as follows:—

	1970	1971	1972	1973	1974
DFl. millions	1.0	(3.3)	(6.0)	0.6	4.5

Factors particularly *affecting the profitability of the general insurance area have been the high* expenses ratio of fire business, and the difficulty of obtaining a satisfactory underwriting result from motor insurance in The Netherlands with *inflationary increases in repair costs at a time when premium* increases are subject to strict government control. The improvement in the general insurance results over the past two financial years has arisen partly *from greater selectivity in policies written and partly from* improved operating efficiency. The anticipated expansion of general insurance business, particularly outside The Netherlands, should lead to a broader diversification of risks, and should serve to strengthen the stability of profits from this area.

Non-Insurance Activities

Ennia's recent programme of diversification has taken it into a number of financial activities, many of which are related to insurance or utilise skills the Group *has developed through its insurance businesses.* In the early stages of the programme such activities were financed wholly by Ennia's Life Fund and retained profits, but since 31st December, 1973 the increase in assets employed in non-insurance activities has been financed by external long-term borrowings. At 31st December, 1974 such net assets employed amounted to DFl. 514 million before deducting external long-term borrowings of DFl. 176 million.

The main non-insurance subsidiaries of Ennia and their activities are as follows:—

Ennia Financiering N.V. is primarily concerned with the provision of personal loans, second mortgages, hire purchase facilities, inventory financing and leasing. The insurance sector sales force *is used* extensively in marketing these services. Loans outstanding at 31st December, 1974 amounted to DFl. 138 million.

Ennia Beroepskredieten N.V. is involved both in providing finance to individuals in professional practice, and in providing insurance-linked home-ownership mortgages. At 31st December, 1974 loans outstanding in its books *amounted to DFl. 270 million. The demand for mortgages in* The Netherlands is increasing with the increase in home-ownership, and at the end of 1974 Ennia created a wholly-owned subsidiary, *Ennia Hypotheken N.V.*, to provide mortgages not related to endowment policies.

Ennia Recreatiebedrijven N.V. is responsible for Ennia's investments (amounting to DFl. 45 million as at 31st December, 1974) in the leisure industry and comprising the ownership and operation of a number of holiday bungalow parks and camping grounds in The Netherlands and Germany.

Ennia Vast Goed N.V. holds those property and development investments of the Group which are not included in the investment portfolios of the insurance funds. At 31st December, 1974 it had *total assets of DFl. 60 million.*

Freehold and Leasehold Properties

Of the total freehold and leasehold properties owned and occupied by the Group the following had a Directors' valuation as at 31st December, 1974 of more than DFl. 5 million:—

	Area in square metres	*Valuation DFl. millions*
1 Churchillplein, The Hague	12,000	22.5
214 Stadhoudersplantsoen, The Hague	13,000	21.0

In addition, in The Netherlands the Group owns and occupies 4 minor buildings in The Hague and 11 branch offices in other towns.

MANAGEMENT AND ADMINISTRATION

By virtue of the provisions of the Statutes of Ennia, the management of Ennia is entrusted to a Management Board, whose members are appointed by a Supervisory Board. Supervisory Board approval is required, *inter alia*, for matters concerning the issue and cancellation of Ennia shares and the issue of BDRs, the application to any stock exchange for a listing of such shares and BDRs, the acquisition of more than 25 per cent. of the capital of any company, major capital expenditure and all matters concerning substantial changes in employee relations.

The Supervisory Board, which appoints its own members, consists of between seven and fifteen members. No person who is an employee of Ennia, either directly or indirectly, or who has reached the age of seventy-two is eligible for appointment to the Supervisory Board. The general meeting of shareholders, the Management Board and the Workers' Council (elected by the employees of Ennia) may *recommend persons* for appointment to the Supervisory Board.

The Supervisory Board appoints a supervisory committee from among its members, which maintains *regular contact with the Management Board and reports to full meetings of the Supervisory Board.*

The names, addresses and present functions of the present members of the Boards of Ennia are as follows:—

Supervisory Board

Jan Roelof Marie van den Brink* (Chairman), *132 Utrechtsestraatweg, Hilversum, The Netherlands.*
Member of the Managing Board of Amsterdam-Rotterdam Bank N.V., Amsterdam.
Jan Bosman* (Vice-Chairman), *5 Vosholdal, Brasschaat, Belgium.*
Formerly Managing Director of Verto N.V., Rotterdam.
Pieter Alfons Blaisse*, *218 Ruychrocklaan, The Hague, The Netherlands.*
Professor at Delft University of Technology.
Willem Titus Kroese*, *26 Egb. ten Catelaan, Almelo, The Netherlands.*
Consultant of the World Bank, Washington D.C.
Constant Johan-Adriaan de Ranitz, *6 Loolaan, Driebergen-Rijsenburg, The Netherlands.*
Formerly Mayor of Utrecht.
Klaas Soesbeek*, *34 Alteveerselaan, Velp, The Netherlands.*
Formerly President of the Board of Management of Akzo N.V., Arnhem.
Jan Reinier Smits, *8 Avenue Emile de Mot, Brussels, Belgium.*
President of the Managing Board of Chevron Oil Europe, Inc.
Johannes Engelfriet*, *20 Van Bronckhorstlaan, Wassenaar, The Netherlands.*
Professor Extraordinary at Amsterdam University, former Joint President of the Management Board of Ennia.
Robbert van den Bergh, *51 Cannenburg, Amsterdam, The Netherlands.*
Member of The Council of State.
Willem Scholten, *2 Kievitlaan, Leidschendam, The Netherlands.*
Member of Parliament.
Joop Bartels, *2 Prins Frederiklaan, Wassenaar, The Netherlands.*
Chairman of the Managing Board of De Erven De Wed. J. Van Nelle N.V., Rotterdam.
Gerrit Gerritse, *118 Kerkpad ZZ, Soest, The Netherlands.*
Member of the Staff Department of the Ministry of Agriculture and Fisheries.
Abraham Sebastiaan Nolst Trenité, *13 Kralingse Plaslaan, Rotterdam, The Netherlands.*
Lawyer.

* Members of the Supervisory Committee.

Management Board

Harman Gerritsen (Joint President), *26 Vinkenlaan, Wassenaar, The Netherlands.*
Anthonie Willem Dek (Joint President), *19 Adriaan Moonenweg, The Hague, The Netherlands.*
Eduard Bouke Herman van der Schoot, *52 Van Kijfhoeklaan, The Hague, The Netherlands.*
Johannes Everardus Maria Lippmann, *13 Klingelaan, Wassenaar, The Netherlands.*
Harm Buiter, *3 Duinroosiaan, Wassenaar, The Netherlands.*

Secretary of the Supervisory and Management Boards and Registered Office

A. J. van Duyneveldt, 1 Churchillplein, The Hague, The Netherlands.

Senior Management

ENNIA:
P. J. M. Machielsen, *General Manager of commercial affairs in The Netherlands.*
Th. Cordesius, *Investment Manager (excluding properties).*
J. F. M. Peters, *Finance Manager.*
K. Thomassen, *Personnel Manager.*
M. I. Tóth, *Manager of foreign business.*
L. Willmes, *Reinsurance Manager.*
A. I. M. Kool, *Actuarial consultant.*
ENNIA LIFE:
G. J. Knippenberg, *Manager.*
J. C. van Loveren, *Manager.*
ENNIA GENERAL:
J. A. van't Hof, *Manager.*
P. Lever, *Manager.*
J. F. Overmeire, *Manager.*

With the exception of Mr. Bosman, who is a Belgian national, each of the persons named above is a Dutch national.

Ennia currently employs approximately 3,500 permanent staff of whom approximately 760 are working outside The Netherlands.

CURRENT TRADING

The following statement was made at the Annual General Meeting of Ennia on 5th June, 1975:—

"In the first quarter of 1975 the new life business sums assured rose *by 17 per cent. over that of* the same period of 1974; Group gross revenue increased by 14 per cent.

Costs increased substantially due to general wage and price increases; the measures taken by Ennia to contain the cost increases had a noticeable influence in keeping increases down. The market value of quoted investments increased by *some DFl. 50 million in the first 5 months of this year due to* recovery in market prices."

In the prospectus issued on 21st May, 1975 in respect of Ennia's recent rights issue referred to below it was stated that it is hoped that the earnings per share for 1975 on the capital as increased by that issue will not differ materially from the earnings per share for 1974. The Boards have no reason to alter that statement.

FINANCIAL INFORMATION

Share Capital

The authorised and issued share capital of Ennia, adjusted for the rights issue referred to in (ii) below, is as follows:—

Authorised DFl.		*Issued DFl.*
80,000,000	1,645,076 Ordinary shares of DFl. 20 each, fully paid	32,901,520
40,000,000	13,400 Preference shares of DFl. 1,000 each (DFl. 100 paid)	1,340,000
120,000,000		34,241,520

(i) Ennia may for a consideration acquire *fully paid* shares in its own share capital up to a maximum of 50 per cent. of the issued share capital. Such shares do not participate in the profits nor in any balance arising on liquidation nor do they count towards a quorum as required by the Statutes. Ennia holds 3,767 of the issued Ordinary shares.

(ii) On 30th May, 1975 274,176 Ordinary shares were issued to existing Ordinary shareholders of Ennia by way of a rights issue on a one-for-five basis at DFl. 100 per new Ordinary share.

(iii) Full exercise of the scrip dividend option relating to the final dividend for 1974 would involve the issue of 34,272 Ordinary shares.

(iv) Full exercise of the conversion rights of the Stock would involve the issue of 219,100 Ordinary shares.

(v) The Depositary for the BDRs holds and has issued BDRs against 94.38 per cent. of the issued Ordinary shares.

Long-term Borrowings

The following long-term borrowings of Ennia and its subsidiaries *are outstanding at the date hereof:—*

	DFl.'000
ENNIA	
6% per cent. Loan repayable in full in 1977	5,000*
6¾ per cent. Loan repayable in full in 1977	10,000*
7¼ per cent. Loan repayable in full in 1977	15,000*
7 *per cent. Loan repayable in full in 1977*	10,000
7¾ per cent. Loan repayable in 15 practically equal annual instalments from 1972	6,401
7½ *per cent. Loan repayable in* full in 1978	10,000*
9 per cent. Loan repayable in full in 1983	5,000
9 per cent. Loan *repayable in 5 equal annual* instalments from 1979	24,000
9 per cent. Loan repayable in 5 equal annual instalments from 1980	11,000
9 per cent. Loan repayable in 10 equal annual instalments from 1980	5,000
9 per cent. Loan repayable in 10 equal annual instalments from 1980	5,000
10% per cent. Loan repayable in 6 practically equal annual instalments from 1978	10,000
11¼ per cent. Loan repayable in 10 equal annual instalments from 1974	1,800
11¾ per cent. Loan repayable in 10 equal annual instalments from 1974	9,000
11½ per cent. Loan repayable in full in 1978	19,320
11½ per cent. Loan repayable in 15 practically equal annual instalments from 1980	2,000
11¾ per cent. Loan repayable in 10 equal annual instalments from 1980	25,000*
11¾ per cent. Loan repayable in 10 equal annual instalments from 1980	2,000*
11¾ per cent. Loan repayable in 10 equal annual instalments from 1980	3,000
9 per cent. Loan repayable in 39 equal quarterly instalments from 1975	4,500*
	183,021
ENNIA'S SUBSIDIARIES	
Twenty-one 20 year Loans at rates of interest varying from 7 per cent. to 11.7 per cent. *taken up from Verzekeringsgroep Metaalindustrie*	39,322
Other small Loans	122
	222,465

*Of the above loans, those marked with an asterisk are secured.

Other Indebtedness

At the close of business on 30th May, 1975, Ennia and its subsidiaries had outstanding bank overdrafts and other short-term borrowings of *DFl. 33,966,000 (all unsecured). Save as aforesaid and apart* from inter-company transactions, neither Ennia nor any of its subsidiaries had outstanding on 30th May, 1975 any borrowings or *indebtedness in the nature of borrowings, including bank overdrafts and* liabilities under acceptances (other than normal trade bills) or acceptance credits, mortgages, charges, *hire purchase commitments or, save in the ordinary course of business, guarantees or other contingent* liabilities.

(*Note:—Where applicable amounts other than in DFL have been converted at the rates ruling on 30th May, 1975.*)

ACCOUNTANTS' REPORT

To: The Supervisory Board and Management Board of
ENNIA N.V.
The Directors of
J. Henry Schroder Wagg & Co. Limited
and
European Banking Company Limited

Moret & Limperg,
Rijswijk,
The Netherlands.

19th June, 1975.

Gentlemen,

We have examined the audited consolidated accounts of Ennia N.V. ("Ennia"), The Hague, The Netherlands, for the purpose of this report, for the five years ended 31st December, 1974, on which accounts we reported as auditors. In *our opinion, based upon our examination, the accounts in Sections II and III below give a true and fair view of the* consolidated profits for the five years ended 31st December, 1974 and the state of Ennia's affairs at the end of such years in conformity with accounting principles accepted in The Netherlands. The amounts of the Life Fund have been calculated under the responsibility of the actuaries of the life assurance companies of the Group.

We report as follows:—

The accounts in Sections II and *III are based on the audited consolidated accounts of Ennia and its subsidiaries* after making such adjustments as we considered appropriate.

I ACCOUNTING POLICIES

Policies adopted by the Group, which have been applied consistently during the years under review, are as follows:—

(a) Profit and Loss Account

Normal income and expenditure, including realised profits and losses on the sale of properties, are included in the profit and loss account. However, realised profits and losses on the sale of shares, unrealised profits and losses on properties and other investments, exchange rate differences, charges arising from changes in the actuarial basis of computing *Life Fund* liabilities and certain other expenditures are credited or debited direct to Retained Profits and Reserves.

(b) Basis of Consolidation

The accounts of the subsidiaries in which Ennia has an interest of more than 50 per cent., are included in the consolidated accounts, with the exception of a wholly-owned subsidiary, Numan-Blikemba N.V., Amsterdam, which has not been consolidated, due to the differing nature of the business. The amounts involved are not material.

On 10th December, 1974, Ennia acquired the whole of the issued share capital of Ennia Holdings (U.K.) Limited which in turn acquired the issued share capital of Ennia Insurance Company (U.K.) Limited not already owned by it. The statement of the Consolidated Profit and Loss Account for 1974 does not include the results of these companies, but the statement of the Consolidated Balance Sheet at 31st December, 1974 includes the consolidated *assets and liabilities of the companies, based on unaudited management accounts at that date. The excess* of net asset value over the purchase price of the companies has been included in Technical Provisions.

The accounts of associated companies, being companies in which Ennia has holdings of between 25 per cent. and 50 per cent. are not consolidated. The balance sheet value of these investments (including the unconsolidated subsidiary Numan-Blikemba N.V.) is DFl. 66,211,000, which is part of the total investments shown in the *Consolidated Balance Sheet at 31st December, 1974 under the heading "Shares". The net assets relating to the* Group's investment in associated companies at 31st December, 1974 amounted to DFl. 53,555,000.

It is the normal Group practice to include dividends of associated companies in the Profit and Loss Account rather than to consolidate the relevant proportion of profits or losses.

(c) Valuation of Assets

Freehold and Leasehold Property: Property (mostly residential) occupied for a full year at 31st December (completed and fully let) is included at 100 per cent. of recent Directors' valuations (1973 and earlier years: 85 per cent.) based on market value, fully let. Such valuations normally take place every five years.
Properties under construction (mainly in the Life Fund) are valued at cost plus interest at 8 per cent. per annum.
Depreciation at the rate of 1 per cent. of the balance sheet value is debited annually to the Profit and Loss Account in respect of houses, shops and offices, and credited to Retained Profits and Reserves and is reflected in *unrealised surplus on revaluation of investments. Holiday centres are de*preciated over a period of some thirty years.

Shares: *Quoted shares are valued at year-end market prices. Unquoted shares* are shown at Directors' valuation.

Debentures, Bonds and Inscribed Stock: *In accordance with Dutch practice and having regard to the method of* valuation of the liabilities of the Life Fund, redeemable bonds and inscribed stock issued by the Dutch government, the Bank voor Nederlandsche Gemeenten (Central Bank for Local Government Authorities) and Dutch government-guaranteed redeemable bonds are valued at par.
Other debentures and bonds are valued at year-end market prices except that, with the exception of convertible debentures, they are not valued higher than redemption price.

The unrealised surplus arising on the revaluation of properties and shares has been credited to Retained Profits and Reserves after making provision for the estimated deferred taxation liability.

Debtors under Finance Agreements: These amounts are repayable over periods not in excess of six years and interest is credited to profit over the period of the agreements. Unearned interest and costs are shown separately under Technical Provisions in the Balance Sheet.

Business Equipment: Computer and telephone installations are shown at cost less 20 per cent. depreciation per annum on the original cost, first charged in the year after being put into operation.
Other installations are written off in the year of purchase.
Fixtures and fittings of the holiday centres are shown at cost less 10 per cent. depreciation per annum on the original cost.

(d) Valuation of Liabilities

Life Fund: The Life Fund, representing the liabilities to policy holders, has been calculated by the "net premium method" by the actuaries of the life *assurance companies of the Group in accordance with practice accept*able to the Verzekeringskamer, the supervisory authority for insurance companies in The Netherlands.
All expenses of obtaining new business are written off in the year in which they are incurred.
Additional liabilities arising from any changes in the actuarial basis of computing the Fund are charged to Retained Profits and Reserves in the year in which the change occurs.
The German portfolio has been valued in accordance with the regulations applying in the Federal Republic of Germany.

General Insurance:
—Unearned Premiums: The unearned part of premiums less commission written in the year under *review is increased with a special provision in respect of the ageing of* insured persons covered by health and disability policies.

—*Outstanding Claims, Fire,* Health and Accident: This provision relates to claims not yet paid at the end of the financial year and to claims incurred but not reported.

—*Marine, Aviation and* Transport Fund: *Each underwriting year is closed after three years have elapsed.* The balance of premiums, commissions and claims is included in the Fund. At the end of the period of three years the amount of claims not yet paid is estimated and included in the Fund. Any surplus or deficiency is transferred to the Profit and Loss Account.

Long- and Short-term Liabilities: Loans, bank overdrafts and creditors are shown at the amounts at which they are repayable.

(e) Taxation

The charge for taxation shown in the Profit and Loss Account is less than the charge at the standard rate of *corporation tax in The Netherlands as a result of the exemption of certain categories of income from taxation and* the ability to use various other tax facilities relating to insurance companies in particular (fiscally exempt equalisation allowances for which no provision for deferred taxation is made) and Netherlands companies in general (accelerated depreciation and investment allowances).

No tax relief has been taken in respect of expenditure charged to Retained Profits and Reserves since Ennia is not in a position to utilise all available taxation allowances as mentioned above.

Deferred taxation is provided at an estimated effective rate of 10 per cent. (25 per cent. for debtors under finance *agreements), mainly in respect of revaluation of investments,* and is included in "Other Provisions".

(f) Foreign Currencies

Assets and liabilities are converted at the rates ruling at the Balance Sheet dates. Profits and losses on exchange are taken to Retained Profits and Reserves. The rates of the most significant currencies for the Group ruling at 31st *December, 1974 were as follows:—*

1 Belgian franc	=	DFl. 0.0695
1 *Deutsche Mark*	=	DFl. 1.00
1 Pound sterling	=	DFl. 5.8740
1 *Netherlands Antilles guilder*	=	DFL 1.3950
1 Surinam guilder	=	DFl. 1.3925

II STATEMENT OF CONSOLIDATED PROFIT AND LOSS ACCOUNTS for the five years ended 31st December, 1974

	1970 DFl.'000	1971 DFl.'000	1972 DFl.'000	1973 DFl.'000	1974 DFl.'000
Transfers from Revenue Accounts					
Life assurance ((a) below)	21,579	26,185	17,394	19,370	16,310
General insurance ((b) *below*)	*965*	*3,345*	*5,972*	631	4,522
Other operations ((c) below)	1,543	1,927	2,784	3,395	4,880
	24,087	24,767	14,206	23,396	25,712
Dividends received from associated companies	854	951	1,141	1,050	937
Profit before taxation (note 1)	24,941	25,718	15,347	24,446	26,649
Corporation tax	3,261	2,784	1,026	1,628	1,523
Profit after taxation	21,680	22,934	14,321	22,818	25,126
Less: Minority interests	13	—	—	—	32
Profit attributable to shareholders	21,667	22,934	14,321	22,818	25,094
Dividends to shareholders (notes 2 to 5)					
Ordinary shares	6,579	6,797	6,720	6,720	7,539
Preference shares	—	—	—	80	141
Retained profits	15,088	16,137	7,601	*16,018*	17,414
Earnings per Ordinary share (notes 1 and 6)	DFl. 16.16	DFl. 17.07	DFl. 10.66	DFl. 16.98	DFl. 18.21
Dividend per Ordinary share (note 6)	DFl.5.00(2)	DFl. 5.00	DFl. 5.00	DFl.5.00(3)	DFl.5.50(4)
Net assets per Ordinary share at 31st December (note 6)	DFl.165.25	DFl.176.74	DFl.195.77	DFl.204.43	DFl.215.26

Notes:—

(1) As stated in Accounting Policy (a) profits exclude items dealt with in Retained Profits and Reserves below.

(2) In 1970, Ordinary shareholders in addition received a 5 per cent. stock dividend, the cost of which was charged to the share premium account.

(3) Shareholders were entitled to elect to receive Ordinary shares instead of the final cash dividend of DFl. 3.00 per Ordinary share payable in respect of the year ended 31st December, 1973. The entitlement was one Ordinary share of DFl. 20 for *every forty Ordinary shares held, and as a result of the elections made 26,900 Ordinary shares were issued. The nominal* value of the Ordinary shares so issued of DFl. 538,000 was charged to the share premium account and Retained Profits and Reserves were credited in 1974 with the cash dividends of DFl. 3,228,000 not required to be paid by reason of such elections.

(4) Shareholders are entitled to elect to receive Ordinary shares and cash of DFl. 1.00 instead of the final cash dividend of DFl. 3.50 per Ordinary share payable in respect of the year ended 31st December, 1974. The entitlement is one Ordinary share of DFL 20 for every forty Ordinary shares held.

(5) No dividends have been paid by Ennia in respect of any period after 31st December, 1974.

(6) Unadjusted for the rights issue made on 30th May, 1975.

Movements on Retained Profits and Reserves

	1970 DFl.'000	1971 DFl.'000	1972 DFl.'000	1973 DFl.'000	1974 DFl.'000
At 1st January	193,320	190,506	206,424	231,558	243,203
Retained profits	*15,088*	*16,137*	7,601	16,018	17,414
Unrealised surplus/*deficit* on revaluation of investments less deferred taxation	*13,044*	4,147	38,901	8,791	26,804
Realised profit/*loss* on sales of shares etc.	2,939	2,577	11,908	*571*	556
See note (3) above	—	—	—	—	3,228
Less:					
Charges arising from changes in the actuarial basis of computing the Technical Provisions	*4,039*	—	*2,876*	*4,515*	*16,314*
Provision relating to reorganisation and integration expenses	—	*3,000*	*26,727*	—	—
Exchange rate losses	—	—	—	*6,359*	*8,560*
Single premiums to supplement existing pensions	*1,382*	*972*	*3,473*	*1,473*	*2,829*
Subsidiary formation expenses	*2,376*	—	*200*	*246*	—
Extra bonus and profit sharing relating to previous years	—	*2,971*	—	—	—
At 31st December	190,506	206,424	231,558	243,203	263,502

Details of the consolidated Revenue Accounts are as follows:—

	1970 DFl.'000	1971 DFl.'000	1972 DFl.'000	1973 DFl.'000	1974 DFl.'000
(a) Life Assurance					
Premiums less reinsurance	287,341	316,015	358,458	395,027	460,355
Gross income from investments	138,845	*157,389*	182,418	*192,319*	215,775
Inter Group interest	2,326	3,332	1,572	12,702	14,440
Less: Interest paid to third parties	*4,530*	*3,907*	*6,362*	*7,640*	*9,582*
Profit on sale of property	489	1,336	1,487	5,224	1,654
Carried forward	424,471	474,144	537,572	597,632	682,572

	1970 DFl.'000	1971 DFl.'000	1972 DFl.'000	1973 DFl.'000	1974 DFl.'000
Brought forward	424,471	474,144	537,572	597,632	682,572
Less:					
Increase in technical provisions	*190,343*	*214,497*	*250,632*	*263,870*	*322,218*
Claims paid and surrenders	*106,251*	*111,923*	*130,044*	*140,042*	*154,436*
Wages and social costs	*40,738*	*46,698*	*54,705*	*62,984*	*73,783*
Other expenditure	*56,910*	*62,180*	*74,239*	*99,665*	*103,304*
	30,229	38,846	27,952	31,073	28,831
Policyholders' share of surplus	*8,650*	*12,661*	*10,558*	*11,703*	*12,521*
Profit from Life Assurance	21,579	26,185	17,394	19,370	16,310
(b) General Insurance					
Premiums less reinsurance	110,210	144,269	171,939	189,998	201,341
Gross income from investments	5,939	7,581	7,086	9,034	11,051
Inter Group interest	68	*23*	1,513	1,976	3,099
Less: Interest paid to third parties	—	—	—	*255*	*226*
Profit/Loss on sale of property	102	148	756	*152*	41
	116,319	151,975	181,294	200,601	215,308
Less:					
Increase in technical provisions	*7,550*	*22,952*	*20,815*	*14,032*	*15,097*
Claims paid and surrenders	*64,916*	*78,236*	*103,701*	*111,517*	*111,133*
Wages and social costs	*17,403*	*21,901*	*25,438*	*29,419*	*35,574*
Other expenditure	*25,485*	*32,231*	*37,322*	*45,002*	*48,980*
Profit/*loss* from General Insurance	965	*3,345*	*5,972*	631	4,522
(c) Other Operations					
Gross income from investments	9,225	12,039	14,456	33,395	54,681
Less: Inter Group interest	*2,394*	*3,309*	*3,085*	*14,678*	*17,539*
Interest paid to third parties	—	—	—	*4,577*	*15,632*
Profit on sale of property	99	250	202	1,313	527
	6,930	8,980	11,573	15,453	22,037
Less:					
Wages and social costs	*1,649*	*2,191*	*2,715*	*3,845*	*6,074*
Other expenditure	*3,738*	*4,862*	*6,074*	*8,213*	*11,083*
Profit from Other Operations	1,543	1,927	2,784	3,395	4,880
Total Transfers to Consolidated Profit and Loss Account	24,087	24,767	14,206	23,396	25,712

Notes.—

(1) Contractual premium discounts are allowed on group life assurance business. Certain of these discounts are charged to the profit and loss account as "Other expenditure" when incurred and the other discounts which are prepaid for ten years are capitalised as "Capitalised interest rate rebates" and charged to the profit and loss account as "Other expenditure" over eight years.

(2) Profits or losses on sale of freehold and leasehold property have been credited or debited to the profit and loss account. Profits or losses on the sale of securities have been transferred direct to Retained Profits and Reserves.

(3) A provision was made in 1971 and 1972 by *charging Retained Profits and Reserves to cover expenditure directly related to* integration and reorganisation following the merger, including harmonisation of pension rights. The expenditure involved has been charged to this provision as incurred and it is anticipated that the balance of the provision at 31st December, 1974 amounting to DFl. 5,517,000 is sufficient to meet future expenses of this nature.

(4) The profits before taxation have been arrived at after charging all operating expenses including depreciation, interest payable and emoluments. For the year ended 31st December, 1974 the emoluments of the Supervisory Board amounted to DFL 312,000 and the emoluments of *the five members of the Management Board and the twelve Senior Managers amounted* to DFl. 2,560,000. Under the arrangements at present in force, it is estimated that the emoluments in respect of the current year will not be materially different.

III NET TANGIBLE ASSETS

The following is a summary of the net tangible assets of Ennia and of the Group based on the published audited balance sheets as at 31st December, 1974:—

Ennia *DFl.'000*		Notes	The Group (consolidated): *Life Assurance*	*General Insurance*	*Other Operations*	*Total*
	Investments					
	Freehold and leasehold property	1(a)	588,021	14,377	105,602	708,000
	Mortgages		1,178,672	34,972	—	1,213,644
	Shares	1(b)	251,839	19,185	626	271,650
	Debentures, bonds and inscribed stock	1(c)	196,897	39,428	—	236,325
	Loans	1(d)	913,255	74,727	33,378	1,021,360
	Professional practice finance		145,963	—	269,915	415,878
	Debtors under finance agreements		—	—	138,143	138,143
	Other investments		93,445	3,560	—	97,005
—			3,368,092	186,249	547,664	4,102,005
	Interests in subsidiaries					
311,539	Investment at net asset value		—	—	—	—
175,521	Loans		252,282	—	*252,282*	—
9,483	Net current accounts		6,672	44,920	*51,592*	—
496,543			258,954	44,920	*303,874*	—
	Other Assets					
—	Capitalised interest rate rebates		110,623	—	—	110,623
10,777	Debtors		141,319	78,193	26,304	245,816
—	Current interest and rents		43,065	6,180	3,830	53,075
1,099	Bank balances		46,359	98,897	5,236	150,492
11,014	Business equipment		—	592	14,760	15,352
22,890			341,366	183,862	50,130	575,358
519,433	**Total Assets**		3,968,412	415,031	293,920	4,677,363
	Less: **Provisions and Liabilities**					
	Technical Provisions	2				
	Life Fund		3,420,339	—	—	3,420,339
	Unearned premiums—fire, health and accident		—	89,631	—	89,631
	Outstanding claims—fire, health and accident		—	178,013	—	178,013
	Marine, aviation and transport fund		—	34,836	—	34,836
	Interest and costs of finance agreements		—	—	19,995	19,995
—			3,420,339	302,480	19,995	3,742,814
	Other Provisions and Liabilities					
—	Other provisions	3	19,657	1,584	3,531	24,772
175,521	Long-term borrowings	4	45,382	—	175,521	220,903
22,451	Short-term borrowings		85,500	13,258	—	98,758
20,126	Creditors		184,495	48,740	52,804	236,039
4,938	*Proposed final dividend*		1	—	7,679	7,680
223,036	Total Liabilities		3,755,374	366,062	259,530	4,380,966
296,397	**Net Assets**		*213,038*	*48,369*	34,390	296,397
	Represented by:					
	Share Capital:	5				
27,418	Ordinary shares of DFl. 20 each					27,418
	Preference shares of DFl. 1,000 each;					
1,340	10 per cent. paid					1,340
						28,758
4,137	Share premium account	6				4,137
263,502	Retained profits and reserves					263,502
296,397						296,397

The following is a summary of the consolidated balance sheets of the Group based on the published audited consolidated balance sheets of the Group as at 31st December in each of the years 1969 to 1974:—

The Group (consolidated)

	1969 DFl.'000	1970 DFl.'000	1971 DFl.'000	1972 DFl.'000	1973 DFl.'000	1974 DFl.'000
Investments						
Freehold and leasehold property	305,231	326,743	366,675	404,975	542,768	708,000
Mortgages	755,341	815,751	886,212	1,009,792	1,079,071	1,213,644
Shares	196,517	207,544	235,731	304,404	271,782	271,650
Debentures, bonds and inscribed stock	165,205	173,624	213,575	234,560	234,084	236,325
Loans	937,582	945,305	962,023	1,034,689	1,036,421	1,021,360
Professional practice finance	31,394	77,994	101,422	164,066	285,820	415,878
Debtors under finance agreements	24,504	42,379	56,971	65,965	85,710	138,143
Other investments	27,889	27,682	27,967	17,394	62,979	97,005
	2,443,863	2,617,022	2,850,576	3,235,645	3,598,635	4,102,005
Other Assets						
Capitalised interest rate rebates	52,623	70,556	79,950	87,951	90,534	110,623
Debtors	92,937	105,595	135,704	198,387	217,640	245,816
Current interest and rents	28,481	33,589	35,943	44,223	46,197	53,075
Bank balances	13,554	16,601	30,393	34,992	44,039	150,492
Business equipment	1,383	8,855	10,758	13,524	17,497	15,352
	188,978	*235,196*	*292,748*	*379,077*	*415,907*	*575,358*
Total Assets	2,632,641	2,852,218	3,143,324	3,614,722	4,014,542	4,677,363
Less: **Provisions and Liabilities**						
Technical Provisions						
Life Fund	2,148,470	2,342,852	2,562,786	2,813,422	3,081,807	3,420,339
Unearned premiums—fire, health and accident	34,960	38,603	48,530	59,100	65,357	89,631
Outstanding claims—fire, health and accident	54,570	57,595	74,700	87,287	92,075	178,013
Marine, aviation and transport fund	5,765	6,647	9,738	9,558	12,545	34,836
Interest and costs of finance agreements	3,023	5,062	6,340	6,820	10,131	19,995
	2,246,788	2,450,759	2,702,094	2,976,187	3,261,915	3,742,814
Other Provisions and Liabilities						
Miscellaneous provisions	26,323	18,635	18,666	40,787	30,290	24,772
Long-term borrowings	3,622	3,846	6,846	68,077	138,325	220,903
Short-term borrowings	22,268	25,050	28,000	69,000	35,101	98,758
Creditors	102,870	125,277	142,942	190,638	266,013	286,039
Proposed final dividend	5,906	*6,592*	*6,797*	*6,720*	*8,800*	7,680
Total liabilities	2,407,777	2,630,159	2,905,345	3,351,609	3,738,444	4,380,966
Net Assets	224,864	222,059	237,979	263,113	276,098	296,397
Represented by:						
Share Capital:						
Ordinary shares of DFl. 20 each	25,596	26,876	26,880	26,880	26,880	27,418
Preference shares of DFl. 1,000 each; 10 per cent. paid	—	—	—	—	1,340	1,340
	25,596	26,876	26,880	26,880	28,220	28,758
Share premium account	5,948	4,677	4,675	4,675	4,675	4,137
Retained Profits and Reserves	193,320	190,506	206,424	231,558	243,203	263,502
	224,864	222,059	237,979	263,113	276,098	296,397

Notes:—

1. **Investments**

(a) Freehold and Leasehold Property

	1973 DFl.'000	1974 DFl.'000
Houses and shops	294,665	406,913
Office premises in own tenancy	60,858	68,751
Office premises leased to third parties	52,591	62,462
Holiday centres	34,292	44,351
Buildings under construction	67,663	90,300
Other assets	32,679	35,223
	542,768	708,000

(b) *Shares*

	1973 DFl.'000	1974 DFl.'000
Quoted shares	245,325	207,592
Unquoted shares	26,457	64,058
	271,782	271,650

The quoted shares include DFL 407,000 (1973: DFL 566,000) in respect of 3,767 (1973: 3,675) Ordinary shares of Ennia which are held by Ennia.

(c) *Debentures, Bonds and Inscribed Stock*

	1973 DFl.'000	1974 DFl.'000
Bonds and inscribed stock, issued or guaranteed by:		
The Dutch government (DFl. 58,880,000)	80,470	76,459
"N.V. Bank voor Nederlandsche Gemeenten" (DFl. 38,639,000)	42,405	45,140
Foreign governments (DFl. 34,211,000)	26,136	34,211
Industrial and commercial companies (DFL 71,144,000)	75,262	71,144
Other institutions (DFl. 5,784,000)	4,856	5,784
Convertible debentures (DFl. 3,587,000)	4,955	3,587
	234,084	236,325

Figures in parentheses represent the market value of debentures, bonds and inscribed Stock as at 31st December, 1974 *amounting in total to DFl. 210,245,000.*

(d) *Loans*

	1973 DFl.'000	1974 DFl.'000
To or guaranteed by:		
Dutch government	428,266	406,677
Other governments	13,290	20,663
Industrial or commercial companies	580,379	577,218
Loans against assurance policies	16,486	16,802
	1,036,421	1,021,360

Security has been given to third parties in respect of commitments of one or more subsidiaries over the following investments included in the above table.

continued overleaf—

ennia nv—continued

	1973 DFl.'000	1974 DFl.'000
Freehold and leasehold property	2,515	2,984
Mortgages	34,393	38,308
Shares	2,277	2,164
Debentures, bonds and inscribed stock	63,884	95,754
Loans	138,388	122,129
Loans against assurance policies	1,418	1,816

These serve mainly as deposits by branches abroad to meet legal requirements, and collateral guarantees given by group companies under mutual insurance contracts.

(2) **Technical Provisions**
The increase in Technical Provisions in respect of 1974 is as follows:—

	DFl.'000
Technical provisions at 31st December, 1973	3,261,915
Transfers from Revenue Accounts: Life Assurance	322,218
General Assurance	15,097
Retained Profits and Reserves	16,314
Increase in Technical Provision for "Interest and costs of finance agreements"	9,864
Technical Provision relating to Ennia U.K.	117,406
	3,742,814

(3) **Other Provisions**

	1973 DFl.'000	1974 DFl.'000
Deferred taxation	12,594	14,495
Contingencies	13,674	6,517
Debtors	1,889	4,158
Other	2,133	602
	30,290	24,772

(4) **Long-term Borrowings**

	DFl.'000
The long-term borrowings are repayable	
during the years 1975–1980	96,850
during the years 1980–1985	80,690
after 1985	43,363
	220,903

(5) **Share Capital**

Authorised DFl.'000		Issued DFl.'000
80,000	1,370,900 Ordinary shares of DFl. 20 each	27,418
40,000	13,400 Preference shares of DFl. 1,000 each (DFl. 100 paid)	1,340
120,000		28,758

The holders of the Preference shares, Schweizer Rück Holding A.G., Zurich (the holding company of Schweizerische Rückversicherungs-Gesellschaft), can at any time be called upon to pay the outstanding 90 per cent., being DFl. 12,060,000. If all Ordinary shareholders elect to accept the stock dividend option in respect of the final cash dividend for 1974, 34,272 Ordinary shares would have to be issued.

(6) **Share Premium Account**
As a result of the exercise of rights to accept the stock dividend in 1973 the share premium account decreased in 1974 by an amount of DFl. 638,000.

(7) **Accounts**
No audited accounts for Ennia or its subsidiaries have been prepared since 31st December, 1974.

Yours faithfully,
MORET & LIMPERG

Ennia Holdings (U.K.) Limited

HISTORY

On 10th December, 1974 Ennia acquired from the receiver of Triumph Investment Trust Limited the whole of the issued share capital of Triumph Underwriting Agencies Limited, the name of which was subsequently changed to Ennia Holdings (U.K.) Limited. At the same time Holdings acquired the outstanding 75 per cent. (25 per cent. already being owned by Holdings) of the issued share capital of Triumph Insurance Company Limited, the name of which was subsequently changed to Ennia Insurance Company (U.K.) Limited ("Ennia U.K."). The purpose of these acquisitions was to give Ennia an opportunity to expand the Group's interests in the London insurance market, especially in the field of general insurance. Ennia U.K. has one wholly-owned trading insurance company subsidiary, General Aircraft Insurance Company Limited ("General Aircraft").

Following the acquisitions, the share capital of Ennia U.K. was increased by £1 million to £5 million and a further increase in its capital base is planned.*

BUSINESS

Holdings provides management services for both Ennia U.K. and General Aircraft including the provision of all staff, premises and equipment for the two insurance companies.

Ennia U.K. and General Aircraft together underwrite all classes of insurance and reinsurance business and this underwriting is conducted almost exclusively in London with the exception of a small agency in Belgium. Over 90 per cent. of the business is written through brokers and a predominant proportion of the premium income is obtained through Lloyd's brokers. The two companies booked an aggregated gross premium income of £19.5 million (£12.7 million, net of reinsurance) during the year to 31st March, 1975.

The majority of the business underwritten relates to Fire and Accident risks in the United Kingdom and the remainder of the world with the exception of North America. In addition, Marine and Aviation business is underwritten on a world wide-basis. The Aviation account is underwritten by Ennia U.K. in conjunction with General Aircraft and reinsurance protection is effected jointly for both these companies.

The Life Assurance account of Ennia U.K. is very small and has not been developed. There are no plans at present to expand this account.

MANAGEMENT

The Directors, Secretary, Registered Office and Auditors of Holdings are identical with those of the Company.

FINANCIAL INFORMATION

(i) The authorised and issued share capital of Holdings is as follows:—

Authorised £		Issued and fully paid £
25,061	25,061 6 per cent. Cumulative Preference shares of £1 each	25,061
474,939	1,899,756 Ordinary shares of 25p each	474,939
£500,000		£500,000

(ii) The following is a summary of the consolidated balance sheet of Holdings and its insurance subsidiaries based on accounts at 31st March, 1975, which are subject to final audit and are adjusted to reflect the proposed repayment of short-term bank loans (guaranteed by Ennia) from the proceeds of the Stock:—

	Notes	£'000	£'000
Investments:	1(f)		
Quoted securities:			
Fixed interest		2,087	
Ordinary stocks and shares		1,493	3,580
Unquoted:			
Fixed interest—Directors' valuation		97	
Ordinary stocks and shares—Directors' valuation		231	
Mortgages		392	
Loans		87	807
			4,387
Other Assets:			
Office equipment and vehicles	1(j)	68	
Amounts due from debtors, brokers and insurance companies		8,892	
Cash, current and deposit accounts at banks (including certificates of deposit £1,146,000)		13,086	
Tax recoverable		182	22,228
Deferred tax	1(i) & 2(c)		1,092
Total assets			27,707
Less:			
Current Liabilities and Provisions:			
Outstanding claims	1(e)	12,566	
Amount due to creditors, brokers and insurance companies		4,360	
Bank loans		157	
		17,083	
Insurance Funds:			
Fire and accident unearned premiums	1(d)	1,956	
Marine, aviation and transport	1(c)	3,113	
Life	1(g)	277	
		5,346	22,429
	2(c)		5,278
Representing:			
Issued share capital			500
Share premium			130
Non-distributable reserves arising on consolidation			2,430
Retained profits			118
Shareholders' funds	2(c)		3,178
Short-term bank loans, which are to be repaid out of the proceeds of the Stock by means of additional share or loan capital to be issued by Holdings			2,100
			5,278

(iii) The following is a summary of the consolidated profit and loss account and of the movement on retained profits and reserves of Holdings for the year ended 31st March, 1975 which are subject to final audit:—

Consolidated profit and loss account	Notes	£'000
Underwriting revenue transfers:		
Fire and accident—Loss	1(b)	(1,819)
Marine, aviation and transport—Loss	1(c)	(189)
Life		—
		(2,008)
Investment income		1,897
Expenses, less income, not charged to underwriting revenue accounts		(67)
Loss before tax	1(a)	(178)
Less: Tax	2(a) & (c)	(3)
Loss after tax		(181)
Less: Pre-acquisition losses of subsidiaries acquired during the year		103
Post acquisition losses for the year, after tax (including profit of £17,000 attributable to Holdings)		(78)
Dividends paid		(2)
Loss transferred to retained profits and reserves	2(c)	(80)

Movements on retained profits and reserves		£'000
Retained profits and reserves at 31st March, 1974		1,319
Reduction in provision for unrealised losses on investments, less tax	2(b) & (c)	482
		1,801
Net loss on realisation of investments, less available tax relief		(1,266)
Loss for the year		(80)
Transfer to non-distributable pre-acquisition reserves		(337)
Retained profits		118
Non-distributable reserves arising on consolidation		2,430
Retained profits and reserves at 31st March, 1975	2(c)	2,548

Notes:
1. The principal accounting policies observed by Holdings and its subsidiaries are set out below.

Profit and Loss Account
(a) The profit and loss account excludes any realised investment gains and losses, and unrealised investment losses, which are dealt with in retained profits and reserves, and certain currency exchange gains less losses, which are credited to an exchange equalisation account, included in creditors.

Revenue Accounts
(b) The fire and accident results are determined after taking into account premiums notified during the year, the unearned proportion of these premiums, paid and outstanding claims, and expenses. The methods used for determining unearned premiums and outstanding claims are set out in (d) and (e) below. The adequacy of these provisions is assessed by reference to projections of the eventual run-off of premiums and claims in respect of each underwriting year and, where necessary, additional provisions have been included in the outstanding claims.

(c) The marine, aviation and transport results are determined on a three year basis of accounting. The adequacy of the marine, aviation and transport fund is assessed by reference to projections of the eventual run-off of premiums and claims in respect of each underwriting year and provision is made for any deficiencies by means of a transfer from the profit and loss account.

Fire and Accident Unearned Premiums
(d) The liability for unearned premiums represents the proportion of premiums recorded during the year which relate to periods of risk expiring after the balance sheet date. For all business, other than proportional treaty business, unearned premiums have been computed, net of commission, on the 24ths basis. For proportional treaty business unearned premiums are calculated at 50 per cent. of all premiums, net of commission, recorded during the year, irrespective of the year of risk.

Outstanding Claims
(e) Full provision is made for all fire and accident claims reported to the company and for claims incurred but not reported.

Investments
(f) Investments are stated at the lower of cost and market value. Mortgages and loans are stated at redemption values.

Life
(g) The life fund is maintained at a level sufficient to meet its liabilities. An independent actuarial valuation is made of the life fund at each balance sheet date. The assets attributable to the life fund are segregated internally from those of the general business.

Overseas Currencies
(h) The company accounts for overseas currencies at the approximate official rates of exchange, except that during periods of exceptional variability fixed rates are adopted for certain currencies, e.g. U.S.$2.40 = £1.

Deferred Tax
(i) The company takes credit for anticipated tax relief at current rates arising out of (1) provisions made for certain underwriting liabilities and (2) unrealised losses on investments where the deferred tax asset will only crystallise if and when a loss is realised (note 2(c)).

Depreciation
(j) Fixed assets are written off over their expected useful lives on a straight line basis.

	£'000
2. (a) The tax charge is made up as follows:—	
U.K. corporation tax (52%) (see below)	223
Deferred tax credit (52%) (see note 1 (i))	(259)
	(36)
Tax suffered on franked investment income	39
	3

The charge for U.K. corporation tax is based on the loss for the year, disregarding certain underwriting liabilities for which tax relief is not immediately available. The liability for U.K. corporation tax has been extinguished by corporation tax relief in respect of realised investment losses during the year, which relief is reflected in the movements on retained profits and reserves.

	£'000
(b) The deferred tax asset (note 1 (i)) relates to:—	
Underwriting liabilities	461
Provision for the fall in market value of investments	631
	1,092

(c) Coopers & Lybrand, the auditors of Holdings and its subsidiary companies, have indicated that their audit report on the consolidated accounts of Holdings and those of Ennia U.K. for the year ended 31st March, 1975 will be qualified as a result of the inclusion of the deferred tax asset of £1,092,000, in view of the uncertainty as to the period over which recovery of this asset will be made.

APPENDIX I

Particulars of the £5,000,000 9 per cent. Convertible Guaranteed Unsecured Loan Stock 1985/90 (the "Stock") of Ennia Finance (U.K.) Limited (the "Company")

The Stock was created by a Resolution of the Directors of the Company passed on 19th June, 1975 and will be constituted by a Trust Deed to which Ennia N.V. ("Ennia") will be a party, in favour of The Law Debenture Corporation, Limited as trustee (the "Trustee"). The Trust Deed will contain no provisions restricting borrowings of or disposals of assets by the Company, Ennia or any of Ennia's other subsidiaries.

1. GUARANTEE

The Stock will be unconditionally guaranteed as to payment of principal, premium (if any) and interest by Ennia.

2. INTEREST

The Stock will carry interest at the rate of 9 per cent. per annum (less any United Kingdom taxation applicable thereto which is required to be deducted at source) payable by equal half-yearly instalments on 30th June and 31st December but so that the first payment of interest will be made on 31st December, 1975 and will amount to £4.71 (less taxation) per £100 nominal of Stock.

3. CONVERSION

(a) The Stock may be converted in amounts and multiples of £100 nominal of Stock at the option of the holder **(subject to any cash adjustment required under "Procedure for Conversion" below)** into Bearer Depositary Receipts of DFl.20 nominal value ("BDRs") each representing a fully-paid Ordinary Share of Ennia of the same nominal value at an initial conversion rate of 4.382 BDRs per £100 nominal of Stock (equivalent to a conversion price of DFl. 125 per BDR). The right of conversion may be exercised by the Stockholder at any time after 31st December, 1975 and before 21st June, 1990, except as regards Stock which is called for earlier redemption, in which case the right of conversion may be exercised in relation to such Stock by the Stockholder up to the close of business on the tenth day before the date fixed for redemption.

(b) The method of effecting conversion is set out under "Procedure for Conversion" below where the terms "Conversion Agent", "Conversion Notice" and "Conversion Date" are defined.

(c) BDRs of Ennia issued on conversion will be to bearer with coupons and talons attached and with a nominal value of DFl. 20 each. No fraction of a BDR will be issued on conversion but a payment in guilders will be made by Ennia to the Conversion Agent for the account of the converting Stockholder entitled thereto based on the closing market price on the Amsterdam Stock Exchange of the BDRs on the last dealing day preceding the Conversion Date.

(d) Interest on Stock converted will cease to accrue as from the interest payment date which coincides with or last precedes the Conversion Date. BDRs issued on conversion will entitle the bearer to all distributions or other rights becoming due or exercisable after the Conversion Date and will otherwise rank *pari passu* in all respects with the BDRs then in issue. Dividends and rights will be deemed for this purpose to have become due or exercisable on the day when BDRs are first quoted "ex dividend" or "ex rights" on the Amsterdam Stock Exchange.

(e) Ennia will use its best endeavours to make the necessary arrangements for BDRs issued on conversion to be listed on the various stock exchanges upon which the BDRs are from time to time listed.

(f) The conversion rate (and consequently the conversion price) will be subject to adjustment (to the nearest .001 of a BDR) *inter alia* in the following circumstances:—

- (i) the issue by Ennia of Ordinary Shares, or rights or warrants entitling the holder to subscribe for Ordinary Shares, at a price per share less than the current market price on the Amsterdam Stock Exchange (as defined in the Trust Deed);
- (ii) the reduction of capital in respect of Ordinary Shares of Ennia;
- (iii) the issue of Ordinary Shares by Ennia by way of capitalisation of profits or reserves to all holders of its Ordinary Shares; and
- (iv) the subdivision or consolidation of outstanding Ordinary Shares of Ennia.

No adjustment will be made if the number of BDRs to be issued on conversion would change by less than 2 per cent. (although lesser percentages will be aggregated and carried forward) and no adjustment will be made as a result of the issue of Ordinary Shares upon conversion of any debentures or loan stock of Ennia or any of its subsidiaries or the exercise of any option or pursuant to any benefit plan for employees or former employees of the Group or as consideration for the acquisition of property of any character or by way of capitalisation of profits or reserves to holders of existing Ordinary Shares at their option in lieu of a dividend in cash in respect of such Shares.

(g) The Trust Deed will contain other provisions for the protection of the conversion rights including provisions relating to any merger or reconstruction of Ennia.

4. PROCEDURE FOR CONVERSION

A summary of the currency transactions which may need to be effected on behalf of a converting Stockholder on conversion of Stock either to comply with current United Kingdom Exchange Control regulations or as a result of variations in the official rate of exchange between the pound sterling and the guilder, is set out below:—

A. Cash adjustment on conversion of Stock

If on a conversion the cost of purchasing DFl. 547.79 in the appropriate currency market (see paragraph B below) is below or above £100, the Stockholder will be entitled to receive or obliged to make a payment equal to the difference in cost per £100 Stock converted, the payment to be received by the Stockholder if the cost is less and to be made by the Stockholder if the cost is more.

B. United Kingdom Exchange Control Regulations

(a) General

At present the regulations affecting both residents and non-residents of the Scheduled Territories are set out in the current issue of the Bank of England's Notice EC7 addressed to Authorised Depositaries. The Scheduled Territories are defined in the current issue of the Bank of England's Notice EC1 and presently comprise the United Kingdom, the Channel Islands, the Isle of Man, the Republic of Ireland and Gibraltar. Authorised Depositaries are listed in Notice EC1 and include Banks and Stockbrokers in, and Solicitors practising in, the United Kingdom, the Channel Islands and the Isle of Man.

(b) Residents of the Scheduled Territories

Under present regulations a purchase of guilders by or on behalf of a resident of the Scheduled Territories for or in connection with purchases of foreign currency securities has to be made at the current market rate in the investment currency market with the result that any such resident converting Stockholder is required to pay a Depositaries are listed in Notice EC1 and include Banks and Stockbrokers in, and Solicitors practising in, the premium in sterling over the current market rate in the official currency market.

(c) Residents outside the Scheduled Territories

Under present regulations a purchase of guilders by or on behalf of a resident outside the Scheduled Territories would be made at the current market rate in the official currency market.

The Trust Deed will contain, *inter alia*, the following provisions in relation to conversions of the Stock:—

(i) Conversion may only be effected by surrendering Stock Certificates accompanied by a duly completed Conversion Notice (which will be made available on and after 1st December, 1975) (the "Conversion Notice") to European Banking Company Limited or its successor (the "Conversion Agent") which, except as mentioned below, will act as agent for Ennia.
The normal business day in London being or next following the date of delivery of a duly completed Conversion Notice accompanied by the appropriate Stock Certificate to the Conversion Agent is called the "Conversion Date".

(ii) In consideration of the surrender of the Stock comprised in the Conversion Notice, Ennia will issue the appropriate number of Ordinary shares and will forthwith cause to be issued the requisite number of BDRs and will arrange (through the Conversion Agent) for the delivery of such BDRs in accordance with the Stockholders' instructions, not later than 21 days after the Conversion Date subject to the Conversion Agent having received any amount due from the converting Stockholder under sub-paragraph (iv) of this paragraph and to any United Kingdom Exchange Control regulations then in force.

(iii) At any time after delivery of BDRs, the Conversion Agent may present to the Company for redemption and cancellation Stock Certificates surrendered for conversion.

(iv) United Kingdom Exchange Control regulations and/or variations in the actual rate of exchange in the official currency market between the pound sterling and the guilder may necessitate a currency transaction, as a result of which the Conversion Agent will credit or debit an account opened in the Stockholder's name with an amount equal to the difference (if any) between £100 and the sterling cost to the Conversion Agent of acquiring (as agent and for the account of that Stockholder) the "Requisite Amount" of guilders for investment in Netherlands securities for each £100 Stock converted, such Requisite Amount being DFl. 547.79 but subject to any credit which may be available to the Stockholder concerned in respect of a fraction of a BDR arising on conversion. As an alternative a Stockholder, when delivering the Conversion Notice, may notify the Conversion Agent that arrangements have been made for an Authorised Depositary to provide the Requisite Amount to the Conversion Agent together with a certificate from the Authorised Depositary stating that the requirements of the appropriate United Kingdom Exchange Control regulations have been complied with; in such cases, the currency transaction would result in £100 being credited to the Stockholder's account with the Conversion Agent for each £100 Stock converted.

(v) The Conversion Agent will demand payment of any sum due from the Stockholder under sub-paragraph (iv) above and, if any sum due in sterling from the Stockholder is not paid within 7 days of demand or if any sum due to be provided in guilders from an Authorised Depositary is not received by the Conversion Agent within 7 days after the Conversion Date, the Conversion Agent or Ennia may sell such number of the BDRs issued to such Stockholder pursuant to the relevant Conversion Notice as the Conversion Agent may consider necessary to satisfy any amount due and will hold the balance of the net proceeds of sale for the account of the Stockholder. Any sums due from the Conversion Agent to the Stockholder will be paid not later than 21 days after the Conversion Date.

5. REDEMPTION AND PURCHASE

(a) The Company may on or at any time after 1st July, 1985, upon giving not less than three months' notice in writing to the Stockholders, redeem the whole or any part (to be selected by drawings) of the Stock at the following prices (plus accrued interest):—

Redemption during twelve months beginning 1st July in	*Redemption Price*
1985	£105 per cent.
1986	£104 per cent.
1987	£103 per cent.
1988	£102 per cent.
1989	£101 per cent.

(b) Ennia or any of its subsidiaries may at any time purchase Stock in the market or by tender (available to all Stockholders alike) at any price or by private treaty at a price, inclusive of accrued interest but exclusive of expenses, not exceeding 110 per cent. of the current market price (as defined in the Trust Deed).

(c) If at any time before 1st July, 1985 at least 75 per cent. of the Stock shall have been converted, the Company will be entitled, on giving not less than three months' notice in writing to the Stockholders, to redeem the whole (but not part only) of the balance of the Stock at the price of £105 per cent. (together with accrued interest).

(d) The Stock, unless previously converted, purchased or redeemed in accordance with these provisions, will be repaid at par together with accrued interest on 30th June, 1990.

(e) The Trust Deed will contain provisions whereby the Trustee may in its absolute discretion (and without being liable for any loss thereby occasioned), at any time after the 10th day before, but not later than the 3rd day before, the date fixed for redemption ("the redemption date") of any Stock, elect on behalf of the Stockholders concerned to convert into BDRs the principal amount of such Stock due for redemption on such date as has not been duly converted by the holders on or prior to the 10th day before the redemption date.

If the Trustee exercises such right of conversion the conversion procedure set out in 4 above will be effected (except that the Trustee will not be required to surrender Stock Certificates). For the purposes of effecting conversion and any currency transaction, the Trustee shall be entitled if it thinks fit to presume that all such Stockholders are residents of the Scheduled Territories and that it is obliged to pay the investment currency premium on the whole of such conversion. All BDRs issued on such conversion shall be sold by, or by the Conversion Agent on behalf of, the Trustee as soon as practicable and the net proceeds of sale (after deducting expenses and any amount required by the Conversion Agent in connection with the currency transaction) paid to the Trustee for distribution rateably to holders of the said Stock against due presentation of the relevant Stock Certificates.

The amount of such net proceeds of sale, which shall be notified to the former Stockholders, shall be treated for all purposes as the full amount due by the Company on redemption of such Stock.

The Trustee shall not exercise its discretion unless a Merchant Bank in London, appointed by the Trustee, has certified that, in its opinion, the net proceeds of the conversion and sale on behalf of such Stockholders (whether or not resident in the Scheduled Territories) would exceed the principal, premium (if any) and accrued interest (before deduction of income tax on such interest) payable on redemption of such Stock.

(f) All Stock redeemed, or purchased by Ennia or any of its subsidiaries, shall be cancelled and shall not be available for re-issue.

6. SUBSTITUTION RIGHT

Ennia may at any time on giving not less than 30 days' notice in writing to the Stockholders make arrangements for Ennia or any other of its subsidiaries (as defined in Section 154 of the Companies Act 1948) incorporated in England to be substituted as principal debtor for and to assume all the obligations and rights of the Company with respect to the Stock provided that the Trustee shall have been satisfied that:—

- (i) such an arrangement is not materially prejudicial to the interests of the Stockholders; and
- (ii) in the case of the substitution of a subsidiary the guarantee of Ennia is maintained in full force and effect in respect of the Stock and of the obligations of such subsidiary under the Trust Deed.

7. FURTHER ISSUES OF STOCK

The Company will be entitled to create and issue further unsecured loan stock either so as to be identical in all respects and to form a single issue with the Stock or on such terms (including rights as to interest, conversion, premium, repayment and otherwise) as the Directors may determine. Any such further unsecured loan stock may, but in the case of any unsecured loan stock which is not identical with the Stock only with the consent of the Trustee, be constituted by a Deed supplemental to the Trust Deed.

8. EVENTS OF DEFAULT

The Trustee may at its discretion, and if an Extraordinary Resolution of the Stockholders is passed requiring the same shall, declare the Stock to be repayable at par together with accrued interest if:—

- (i) the Company makes default in paying on the due date any principal or premium (if any) or within 21 days after the due date any interest due on the Stock and if such default shall not be remedied by Ennia; or
- (ii) an order is made or an effective resolution passed for winding up or dissolving the Company or Ennia or any Principal Subsidiary (as defined in the Trust Deed) of Ennia other than a winding up or dissolution for the purposes of and followed by an amalgamation, merger or reconstruction the terms of which have been previously approved by the Trustee; or
- (iii) certain other events occur as specified in the Trust Deed.

9. STOCKHOLDERS' MEETINGS

An Extraordinary Resolution may be adopted in writing signed by the holders of not less than 95 per cent. of the Stock in issue or passed at a meeting convened by 21 days' clear notice served by post on the Stockholders at their registered addresses. Such notice shall specify the place, day and hour of meeting and the terms of the Resolution.

At any meeting the quorum shall be at least two persons, holding or representing by proxy a clear majority of the Stock, and each Stockholder shall have one vote for every £100 of Stock held by him. The majority required for passing an Extraordinary Resolution shall be a majority consisting of not less than three-fourths of the votes cast thereon. If a quorum shall not be present the meeting may be adjourned and at any adjourned meeting the Stockholders present or represented shall form a quorum for all purposes whatever the amount of Stock held by them.

10. MODIFICATION OF RIGHTS

The provisions of the Trust Deed and the rights of the Stockholders will be subject to modification or compromise by an Extraordinary Resolution of the Stockholders as provided in the Trust Deed. In addition the Trustee may, without the consent of Stockholders, concur with the Company and Ennia in making any modification to the Trust Deed which in the opinion of the Trustee will not be materially prejudicial to the interests of the Stockholders.

11. TRANSFERS

The Stock will be registered and transferable only in amounts and multiples of £100.

12. STATUS OF THE GUARANTEE

The Guarantee will rank as an unsecured obligation of Ennia and *pari passu* with all other unsecured and unsubordinated obligations of Ennia.

13. INDEMNIFICATION

The Trust Deed will contain provisions *inter alia* for the indemnification of the Trustee and its relief from responsibility to the extent therein provided. Any consent given by the Trustee may be given on such terms and conditions (if any) as it thinks fit.

14. PROPER LAW

The Trust Deed will be governed by, and construed in accordance with, the law of England.

APPENDIX II

DESCRIPTION OF BDRs

BDRs are issued by N.V. Administratiekantoor Christiaan Huygens (the "Depositary"), which is a limited company established in The Netherlands (and is a wholly-owned subsidiary of Ennia) to hold registered Ordinary shares of Ennia and issue BDRs in respect of such shares. The registered Ordinary shares in respect of which BDRs are issued may be deposited either by Ennia or by any shareholder of Ennia. Each BDR has a nominal value of DFl. 20 and represents one Ordinary share of DFl. 20. BDRs are transferable by delivery and are issued in denominations of 1, 5 and 50 BDRs each with coupons and talons attached.

A holder of BDRs is not a shareholder of Ennia and does not have any rights directly against Ennia (other than those granted by Ennia's Statutes or the Netherlands Commercial Code) but he does have certain rights as against the Depositary. These rights are set out in "Conditions of Administration of registered shares in Ennia N.V." (the "Conditions of Administration") which is a notarially certified deed dated 30th May, 1969 as last amended at 16th May, 1975 and which governs the terms and conditions on which BDRs are issued and held. The Conditions of Administration provide *inter alia* as follows:—

- (i) The underlying registered Ordinary shares must be kept in safe custody in such manner that the Depositary may not dispose of them without the co-operation of a designated Notary or his deputy.
- (ii) The Depositary has complete discretion to exercise the voting rights attaching to the registered Ordinary shares "in such manner as it deems fit in the interests of the holders of depositary receipts".
- (iii) If it is proposed to make any change in the rights attaching to the registered Ordinary shares, the Depositary must give notice thereof to the holders of BDRs indicating whether the Depositary intends to exercise any voting rights or not, but "without there being any need to state in what way it will vote".
- (iv) Within one week of receiving any dividend or other distribution from Ennia the Depositary must make available in Amsterdam a corresponding distribution to holders of BDRs. Dividends and other distributions are payable at specified banks in The Netherlands and will be advertised as described in (xi) below.
- (v) If holders of Ennia Ordinary shares are offered an option to take a dividend otherwise than in cash, the option will be announced by the Depositary as described under (xi) below, and BDR holders will be able to instruct the Depositary whether to exercise the option up to four days before the option is exercisable. If a BDR holder does not so instruct, the Depositary will make the choice it deems to be in the interests of BDR holders.
- (vi) If, on any issue of new shares of Ennia, shareholders are granted any option rights, the Depositary must allow holders of BDRs the opportunity to "exercise an option right for depositary receipts on a similar basis". If a BDR holder does not notify the Depositary of his wishes prior to the time at which the option right is exercisable, the Depositary will deal with the right as it thinks fit, any net proceeds being divided *pro rata* among the holders of BDRs not exercising their rights.
- (vii) Holders of BDRs may convert their BDRs into registered Ordinary shares, subject to the limitations imposed by Ennia's Statutes (see Appendix III). The Depositary may not charge a holder of BDRs presenting the same for conversion into registered Ordinary shares more than DFl. 0.40 (plus Netherlands VAT) for each nominal amount of DFl. 20.
- (viii) Any alteration to the Conditions of Administration (other than those required as a result of any change relating to the registered Ordinary shares) requires the approval of a meeting of holders of BDRs. The quorum required at any such meeting (which must be held either in The Hague or in Amsterdam) is holders representing two-thirds of the outstanding nominal amount of BDRs and any resolution must be approved by a majority of at least two-thirds of the votes cast. There is one vote for each DFls. 20 nominal of BDRs. If a quorum cannot be obtained at such meeting, a fresh meeting must be convened within 4 weeks at which the holders present will constitute a quorum and a majority of at least two-thirds of the votes cast is again required.
- (ix) Annual reports and other documents available for perusal by Ennia's shareholders will be made available to holders of BDRs.
- (x) The Depositary may resign from its office; if this occurs, then holders of BDRs have not less than two years in which to convert their BDRs free of charge into registered shares, subject always to the limitations imposed by Ennia's Statutes. After the two year period, BDRs will continue to be administered only for those holders who are unable to convert their BDRs into Ennia Ordinary shares by reason of the limitations in Ennia's Statutes. There is no right granted to holders of BDRs to dismiss the Depositary.
- (xi) All announcements to holders of BDRs are by way of advertisement in one widely read daily newspaper published in The Hague and in one published in Amsterdam and in the Official Price List of the Amsterdam Stock Exchange.

BDRs are listed on the Amsterdam Stock Exchange and accordingly the Conditions of Administration are subject to the requirements of the Amsterdam Stock Exchange with which they comply.

In addition to those set out in the Conditions of Administration, holders of BDRs have certain rights granted by Ennia's Statutes and by the Netherlands Commercial Code, including the following:—

- (i) holders of BDRs may obtain copies of the accounts of Ennia free of charge;
- (ii) holders of BDRs representing more than ten per cent. of the issued share capital of Ennia may convene a meeting of Ennia;
- (iii) notices of general meetings of Ennia must be announced to holders of BDRs;
- (iv) holders of BDRs may attend and speak (but not vote) at general meetings of Ennia; and
- (v) notice must be given to holders of BDRs of any proposals to change the Statutes of Ennia.

APPENDIX III

STATUTES OF ENNIA N.V. AND APPLICABLE LAW

The following summarises the principal effects of the Statutes of Ennia and of applicable Netherlands law on the subjects listed:—

General Meetings

(i) Annual General Meetings

The Statutes require a General Meeting of shareholders to be convened in The Hague every year not later than 30th June.

(ii) Extraordinary General Meetings

Extraordinary General Meetings may be convened from time to time as the Management Board or Supervisory Board requires or as otherwise provided by the Netherlands Commercial Code.

*(iii) Notice**

Notice of General Meetings must be given by means of an advertisement in daily newspapers published in The Hague, Amsterdam and Rotterdam respectively, and also in the Official Price List of the Amsterdam Stock Exchange. Such notice must state the business to be transacted and must be given at least 15 clear days before the date of the meeting.

*(iv) Proxies**

Each shareholder may appoint in writing a proxy to attend, speak and vote on his behalf at General Meetings of Ennia. No person may act as proxy for more than two shareholders and cannot in that capacity vote more than 2 per cent. of the issued ordinary capital.

(v) Quorum

The Statutes contain no provision requiring any particular quorum of shareholders to be present at a General Meeting save that holders of at least half the issued capital are required to be present or

OIL REVIEW

BY RICHARD JOHNS

That still elusive dialogue

"*VIVE BONGO, defenseur de matières premières.*" The chanting of the native *groupe animation* who sang the praises of the Gabonese President at the opening and closing sessions of last week's OPEC conference rang in the ears of delegates as they left Libreville. Certainly, the holding of the meeting in the capital of this country, which is about the size of Western Germany but with a population estimated at little more than 500,000, was a boost to the regime whose liberal dispensation of champagne won Gabon—by the almost united vote of those present—the title of the "Dom Perignon Republic."

Neverthelesss, both the slogan and the venue were appropriate for the conference which showed that the unity of the producers in their identification with the Third World, solemnised by the OPEC summit at Algiers in March, was as strong as ever. As it happens Gabon has only modest petroleum prospects (output last year was 10.2m. tons, and no other fields have been discovered), but with its uranium, manganese, iron ore and timber it can claim a more genuine identity with other raw material producers than some of the parched oil states of the Gulf.

It also seemed appropriate that the delegates should be staying at the Hotel Le Dialogue even if it was named after one of the tenets of the Gabonese Democratic Party rather than the consultations with the industrial consumer countries sought by OPEC in its drive to bring about a "new deal" for the developing world.

Third World

Although it was not mentioned in the OPEC communique, the dialogue is still very much at the heart of the debate about the threatened heavy increase in oil prices in October. In private, leading delegates were insistent that an effective beginning to talks between producers and consumers, taking into account the interests of the Third World, was the only way of modifying an inevitable rise. That remains also the stated public position of Saudi Arabia, whose policy as the world's largest exporter with the ability to raise or lower production gives it a decisive influence within the cartel.

At Libreville it was instrumental in preventing the switch to Special Drawing Rights as the unit of account for calculating prices which, depending on the base rate chosen, would have meant a rise of anything from 25 to 50 cents per barrel. In the absence of Sheikh Ahmed Zaki Yamani, the Saudi Minister of Oil, nothing was said publicly about the reason for the Kingdom delaying implementation of this move until October as most other OPEC members, with varying degrees of urgency, wanted. It did so, however, to give the consumers a last chance to enter into a dialogue.

The question remains whether in the next three months before the OPEC conference scheduled to start in Vienna on September 24 an effective dialogue can be started in a framework acceptable to both producers and consumers. Since the deadlock at the preparatory meeting in Paris early in April valuable time has been lost and the OPEC consensus on the need to raise prices to compensate for rampant inflation has hardened, not least because of the discernible shift in Saudi Arabia's position.

Olive branch

Back in March the Solemn Declaration adopted by the OPEC summit laid down a proposition which members presented as an "olive-branch." In broad terms they offered to ensure supplies to meet essential requirements and negotiate "conditions for the stabilisation of oil prices" in return for the fullest collaboration by the industrialised consuming countries in solving the development problems of the Third World and bringing about a real transfer of resources to it.

In itself the catalogue of demands—ranging from acceptance of measures taken to stabilise the price of all raw materials to help with construction of fertiliser plants in OPEC countries—did not augur well for the dialogue. Nor, more immediately, did the requirement that the preparatory meeting should embrace, as well as energy, "the questions of raw materials of the developing countries, the reform of the international monetary system, and international co-operation in favour of development in order to achieve world stability." After ten tedious days the talks broke down over the oil producers' and other developing countries' insistence that the full-scale dialogue should treat raw materials on an equal basis within the same forum.

Reflecting the failure of the Paris meeting and the tougher collective stance on prices, it was significant that the OPEC communique issued after the Libreville meeting made no reference to the dialogue when serving notice of the increase to be imposed in September. While the Solemn Declaration remains very much alive as a creed, it would also be a mistake for consumers to take heart from the latest reported Libyan price cuts. Algeria and Iraq have denied with indignation that they have trimmed their rates.

Crude prices

There is, of course, the basic OPEC principle of price maintenance at stake. However, reports about adjustment of short-haul crude prices were not a preoccupation at Libreville and the question appears to have been discussed only within the context of studies now being carried out on differentials: the view being that from next October a flexible mechanism, perhaps changing quarterly, in the light of market conditions, should be built into the costing system. OPEC is confident that demand pressures in the coming months will anyway obviate the need to "undercut."

The producers' view of market prospects is supported by analyses within the industry and the frank assertion by Sir Frank McFadzean of Shell last month that oil consumption was running some 4m. barrels daily above actual production with the shortfall being met by a run-down of stocks which will have to be replaced before the autumn.

In the long-term, it is Saudi Arabia which matters and here there have been abundant indications, explicit and implicit, that the consumers cannot rely on the Kingdom's moderation indefinitely. Most recently there was the address given to the Stock Exchange by Shiekh Ahmed Zaki Yamani, Minister of Oil in which he pointed out that "supplies should not be determined by producing capacities but by the producers' requrements" and that although the Arabian American Oil Company's permissible level of output was 8.5m. b/d (compared with capacity of 12m. b/d) "it's requirements do not warrant more than 3.5m. b/d."

Together with indications of growing conservationist thinking in the Kingdom, Sheikh Yamani's oblique, but pointed warning, should be taken very seriously. Apart from the debate in Riyadh over production levels and the maximum desirable surplus, the message is clear. If there is no movement towards a dialogue and effective consumer-producer collaboration Saudi Arabia will co-operate with other OPEC members in raising prices by a reasonable, though undefined, amount and in setting an overall production level so that countries such as Libya and Algeria are not forced to lower prices to maintain the revenue which they require.

Perhaps the most important aspect of the latest OPEC conference was the negative one that the dialogue and the proposals made in Paris by Dr. Henry Kissinger, U.S. Secretary of State, were not discussed except informally by the Ministers at Libreville.

Commissions

Dr. Kissinger proposed that three separate commissions should deal with energy, raw materials and the problems of the developing countries most seriously affected by the economic crisis. Describing the proposals as inadequate, Mr. Belaid Abdesalam, Algerian Minister of Energy and Industry, referred to two main "negative elements": failure to accept the need to "index" the price of raw materials other than oil (though the Solemn Declaration talked only of "stabilisation"); and failure to recognise the need for monetary

Just how far the secret meeting of International Energy Agency officials in Brussels last week succeeded in elaborating Dr. Kissinger's proposals is not yet known. But at least the proposals have not been rejected publicly by the heavyweights of OPEC, although they would be concerned that the work of the three commissions should progress in parallel and that monetary reform should not be neglected. Meanwhile, obscure diplomatic manoeuvres have been under way to reactivate the dialogue, but Algeria seems to have been peripheral to them.

Without doubt, the progress—or lack of it—towards the elusive, ill-defined dialogue during the coming three months will have a vital bearing on the size of oil price increases dictated by OPEC in September.

South of Scotland Electricity Board programme delayed

BY CHRIS BAUR, SCOTTISH CORRESPONDENT

THE SOUTH of Scotland Electricity Board complained yesterday that it was experiencing delays in starting the next round of its generating programme through which it aims to become as much as 40 per cent. dependent on nuclear power in the next ten years.

It also said in Glasgow that it hoped to complete the present financial year with a small profit and without any further price increases being imposed on its 1.5m. consumers.

The Board, which ended the last financial year with a record deficit of £20.36m. said that it was "straining every nerve" to regain profitability.

Mr. Frank Tombs, its chairman, said that there was no reason for the Board to contemplate seeking new tariff increases this year, but this was heavily dependent on the future price of fuels, whose cost rose by about £30m. last year.

The deficit, which will be repaid by Government, was greater than the combined losses incurred in the last four years of price restraint "and may well be a turning point." A return to realistic pricing was now Government policy, and the SSEB was hoping to end this year with a small surplus.

Coal price

Its April tariff rise of 26 per cent. had been designed to yield a 2 per cent. surplus on turnover. This had been calculated at about £6m. Even with subsequent and unforeseen coal price rises amounting to about £7m. this year, the Board expected that it had "a reasonable chance" of returning to modest profitability.

Mr. Tombs criticised the "disappointingly slow" progress being made with design work for the next generation of nuclear power stations (the steam generating heavy water reactors) which the SSEB has been authorised to use for its initial 1,320 MW station at Torness Point, Lothian.

This work, which also involves the CEGB's much larger SGHWR station planned at Sizewell, was being affected by the time taken to establish the National Nuclear Corporation and its operating arm, the Nuclear Power Company.

Despite "very great delays" in merging the two British nuclear industry consortia and assembling management teams, the Board still hoped to start work on its £400m. Torness Point project late this year. The initial 1,320 MW station was planned to be commissioned in 1983 on a site capable of being expanded to take a 5,000 MW station.

With the expected commissioning this year—two and a half years late—of the first set at the Board's Hunterston "B" advanced gas-cooled reactor station, in Strathclyde, the Torness project would represent the first part of the SSEB's 10-year plan to achieve a situation in which 40 per cent. of Scottish electricity is generated from nuclear sources.

This compares with the expectation in the rest of the U.K. that about 15 per cent. of all power will derive from nuclear stations in the same period, and with the SSEB's present 17 per cent. dependency on nuclear sources.

This is intended to achieve a massive reduction in the Board's present 70 per cent. reliance on coal. Its central Scotland stations are geared to burn up to 8m. tons a year, about 1m. tons more than the Scottish coalfield was capable of supplying last year.

The Board is determined to end its "great vulnerability" to supply difficulties and price disadvantages which, it says, arise from its position as coal's near-monopoly consumer in Scotland.

Fourth BP platform ready for Forties

THE FOURTH and final all steel production platform for the BP Forties Field will be named "BP Highland Two" at a ceremony at the Nigg Bay Yard of Brown and Root-Wimpey Highlands Fabricators on Saturday.

The naming ceremony will be carried out by Mrs. Margaret Linning, wife of BP offshore general manager, Matt Linning.

Flooding of the Nigg Dock is expected to start on the same day and "Highland II" should be floated out early next week.

The control vessel for the placement operation in the Forties Field will be "Wimpey Sealion," an anchor handling/rig servicing tug of the Wimpey marine fleet. The vessel has just performed an identical function in respect of the placement of Graythorp II in the Forties Field.

● Occidental Petroleum Corporation said yesterday that it had successfully positioned its drilling and production platform in the North Sea about 100 miles east of the Scottish maindland and in a water depth of 474 feet.

Placed on the Piper field, which has proved reserves estimated to be 642m. barrels of oil, the 495 feet tall, 36-well jacket is designed to withstand 95 feet waves.

ANGLO-SOVIET TRADE

The Financial Times proposes to publish a survey on Anglo-Soviet Trade in its issue of 15th July, 1975. The following indicates the proposed editorial content.

Introduction Brief history pointing out Britain's big role in the early days of Soviet foreign trade, but its declining importance in the years of detente. Possible reasons include a lack of flexibility on the British side, but uncertain political relations may have contributed. Prospects now brighter in the "new era" of Anglo-Soviet relations.

Structure of Anglo-Soviet trade Broadly, Soviet sales of raw materials, timber, diamonds, fur, etc., and British sales of equipment and technology, notably in textiles, machine tools, etc. But pattern is now shifting towards a greater role for Soviet industrial products and licences. Significance of the long-term co-operation agreement.

The Soviet view A Soviet economist examines links between the two countries, pinpoints possible reasons for the relative decline, and assesses future prospects.

Soviet economy British sales prospects depend on detailed knowledge of Soviet economic targets. A description of current priorities and the likely pattern of the next Five-Year Plan 1976-80.

Soviet foreign trade policies The growing role of foreign trade in total Soviet activity; the relative roles of Comecon, the West and the developing world.

Examination of specific fields

a) Raw materials
b) Equipment, machine tools, etc.
c) Light industrial
d) Co-operation
e) Licensing
f) Consumer goods

Finance Role of ECGD and the £950m. credit. Soviet financing policies, and the role of the merchant banks. Interest rates. British banks in Moscow.

The practical aspects The conduct of Soviet trade, its structure; hints on negotiating; the role of the Highgate trade mission; the British presence in Moscow.

For further information and details of advertising rates please telephone 01-248 8000, ext. 7112.

ennia nv —continued

represented at any meeting at which a resolution to alter the Statutes or to liquidate Ennia is passed; if such a quorum is not present, a second meeting must be convened within four weeks, which may adopt the resolution regardless of how many shareholders are present or represented.

(vi) Votes of shareholders

Each Ordinary share entitles the holder to one vote; each Preference share entitles the holder to 50 votes. The holders of BDRs have no voting rights.

(vii) Majorities

All resolutions at general meetings of shareholders require only a simple majority of the votes validly cast.

**Additionally Ennia has agreed with The Stock Exchange that all announcements including Notice of General Meetings will be advertised in two leading London daily newspapers and that Forms of Proxy will be made available to any holder of Ordinary shares whose registered address is in the United Kingdom.*

Limitation of share ownership

No Ordinary shareholder may hold more than one per cent. of the issued Ordinary share capital, save insofar as this may arise from inheritance. The Management Board may, however, with the prior approval of the Supervisory Board grant exemption from this limit to one or more corporations with a view to permanent cooperation (but not beyond 10 per cent. for any one corporation or 25 per cent. in aggregate without prior shareholder approval in General Meeting). The acquisition by a corporation of an Ordinary or Preference share requires the prior approval of the Supervisory Board.

Profit appropriation

Provided that the audited Profit and Loss Account shows a profit the Supervisory Board may, upon a proposal by the Management Board, allocate part of that profit to reserves. Thereafter, the Preference shareholders are entitled to receive a dividend out of the said net profits on the paid up amount of their Preference shares at a rate equivalent to 1½ per cent. over the discount rate of De Nederlandsche Bank N.V. on the first working day of the Amsterdam Stock Exchange in the financial year in respect of which the dividend is paid.

Thereafter, Ordinary shareholders will as far as possible receive a primary dividend of 5 per cent. of the nominal issued Ordinary share capital and share premium account, as shown by Ennia's Balance Sheet at the end of the financial year in respect of which the relevant distributions are made. Of the remainder, up to 5 per cent. shall be allotted to the members of the Supervisory Board jointly for division among them in equal shares (with a maximum for each member as fixed from time to time by the shareholders). The balance will be at the disposal of the shareholders in General Meeting except that no additional distribution may be made to the Preference shareholders. Interim dividends may be paid by the Management Board with the approval of the Supervisory Board.

Repayment of capital

In the event of liquidation the Preference shares rank *pari passu* with the Ordinary shares as to repayment of capital but do not participate in any surplus save to the extent that they are entitled, in the event of surplus, to receive their dividend in respect of the liquidation period.

Variation of class rights

The rights attaching to the respective classes of share capital can be varied only by alteration of the Statutes by resolution of the shareholders in General Meeting on a proposal made by the Management Board with the approval of the Supervisory Board but not otherwise.

Borrowing powers

The Statutes contain no limit on the borrowings of Ennia or its subsidiaries.

Supervisory and Management Boards

(i) Supervisory Board

(a) Members of the Supervisory Board are appointed by the Supervisory Board itself. The Supervisory Board consists of not less than seven and not more than fifteen members.
(b) The shareholders in general meeting, the Management Board and the Workers' Council may recommend persons to the Supervisory Board for appointment.
(c) The Supervisory Board must notify the shareholders and the Workers' Council of the name of any person whom it intends to appoint. The appointment will take place unless the shareholders or the Workers' Council object to the appointment (on grounds of unsuitability or improper constitution of the Board) at a meeting held within 14 days of the intention to make the appointment being notified. Any such objection may be overruled by the Social Economic Council of The Netherlands.
(d) A member of the Supervisory Board must retire by rotation at the first general meeting of shareholders held more than four years after his appointment, but he is eligible for re-election. He must in any event retire at the annual general meeting held in the financial year in which he reaches 72.
(e) A member of the Supervisory Board may, in limited circumstances, be dismissed by the Commercial Court of the Amsterdam Court of Appeal. A petition to the Court for his removal may be made by the Supervisory Board, or the shareholders, or the Workers' Council.
(f) The members of the Supervisory Board are entitled to receive (divided equally among them) 5 per cent. of Ennia's profits, after transfers to reserves, and after allowing for preference dividends and a dividend on Ordinary shares of 5 per cent. of their nominal amount plus share premium account. However, the shareholders may from time to time fix a maximum amount that each member of the Supervisory Board may receive. The maximum currently applicable (which was fixed in 1969) is DFl. 14,000 per member per year.

(ii) Management Board

(a) The members of the Management Board are appointed by the Supervisory Board, which must notify shareholders of its intention to make an appointment.
(b) The number of members of the Management Board is fixed by the Supervisory Board, after consultation with the Management Board.
(c) The terms of service of members of the Management Board are determined by the Supervisory Board.
(d) A member of the Management Board may be dismissed by the Supervisory Board, but only after a General Meeting has stated its views on the proposed dismissal.

(iii) Interests of members of the Supervisory and Management Boards

There is no provision in the Statutes with regard to members of the Boards voting on matters in which they are personally interested. In accordance with the principles of Netherlands law and standards of conduct in The Netherlands they do not in fact vote in such circumstances.

Preference Shares

The following are the additional rights of the Preference Shares of DFl. 1,000 each, of which 13,400 are issued 10 per cent. paid:—

(i) Further calls

Further calls require a resolution of the Management Board with prior approval of the Supervisory Board.

(ii) Alterations in Rights

The rights of Preference shareholders may be changed only by alteration of the Statutes in general meeting. A separate meeting of Preference shareholders is not required save that the approval of all the Preference shareholders is required if Ennia agrees in General Meeting to the repayment of paid up Preference capital or to the waiver of further payment up.

(iii) Further Issues

The Management Board, with the approval of the Supervisory Board but without the approval of General Meeting, may issue Preference capital up to an amount equal to 50 per cent. of the Ordinary share capital from time to time in issue. The Annual General Meeting held on 12th June, 1974, gave authority for the issue of Preference shares beyond that limit up to the maximum authorised Preference share capital of DFl. 40 million such approval being revocable by further resolution of a General Meeting.

APPENDIX IV
GENERAL INFORMATION

1. Taxation of Capital Gains in the United Kingdom

The Company has been advised that on the basis of the legislation applicable to the taxation of capital gains in the United Kingdom as presently administered the exercise of the conversion right mentioned above will be regarded as an exchange of an original holding for a new holding so that, except to the extent of any net sum paid or credited to the Stockholder on conversion, no liability to capital gains tax will arise on conversion. Thus, any additional moneys provided by the Stockholder to enable conversion to be effected will be regarded as expenditure incurred on the acquisition of the original holding and any sums repaid to the Stockholder will be regarded as a disposal of an interest in the original holding. The question whether a non-resident of the United Kingdom will have any taxation liability arising on conversion will normally depend on the legislation of the country of residence.

2. Exchange Control Consents

The necessary consents under the Exchange Control Act 1947 have been obtained from the Bank of England. In The Netherlands the necessary consents have been obtained from the appropriate authorities.

3. Payments of Interest on the Stock

Interest payments on the Stock will be sent to each Stockholder at the address shown in the Register of Stockholders by post in the form of a cheque and will be paid subject to deduction of United Kingdom income tax, currently at the rate of 35 per cent. subject (in the case of Stockholders resident outside the United Kingdom) to any reduction permitted pursuant to the provisions of a double taxation treaty between the United Kingdom and the country of residence of the Stockholder.

4. Distributions Payable on BDRs: Dividends Payable on Ordinary Shares

The profits of and distributions by Dutch companies are currently taxed in The Netherlands on a basis similar to that which was in force in the United Kingdom until April 1973. All shareholders receive their dividends less 25 per cent. Dutch withholding tax. Shareholders and holders of BDRs resident in the United Kingdom can, however, claim a reduction in the rate of the withholding tax under the Double Tax Treaty between The Netherlands and the United Kingdom. The reduced rate is 15 per cent. and is achieved by way of a reclaim from the Dutch Ministry of Finance. Claims for relief under the Treaty by companies and individuals liable to United Kingdom taxation should be made on the appropriate forms obtainable from the Inspector of Foreign Dividends, Inland Revenue, New Malden House, 1 Blagdon Road, New Malden, Surrey, as soon as possible after receipt of any dividend.

The Treaty contains special provisions which would apply to a United Kingdom company controlling 10 per cent. or more of the Ordinary share capital of Ennia. The position of such a company is not considered in this document nor is the position of a U.K. resident who is not domiciled in the United Kingdom.

Dividends received by residents of the United Kingdom will be subject to tax as income from foreign possessions under Case V of Schedule D. In calculating this liability (based on the gross dividend declared) credit will under normal circumstances be allowed for the withholding tax paid in The Netherlands after taking into account any amount which may be reclaimed. Thus, a resident of the United Kingdom whose effective rate of tax is 35 per cent. will have a net income of an amount equal to 65 per cent. of the dividend declared by Ennia.

The comments made in the paragraphs above relate primarily to the position of holders of BDRs and Ordinary shares in Ennia who are resident in the United Kingdom. Other holders who are resident outside The Netherlands may be able to claim the benefit of double tax treaties to which The Netherlands is a party, and should inform themselves of their rights, if any, under such treaties.

Holders of BDRs and Ordinary shares are recommended to consult their professional advisers if they are in any doubt as to their tax position.

5. Litigation

So far as the Management Board is aware, neither Ennia nor any of its subsidiaries has any litigation or claims of material importance pending or threatened against it.

6. Market Quotations and Dealings

The following table sets out the highest and lowest prices at which dealings in BDRs in respect of the Ordinary shares of Ennia have taken place on the Amsterdam Stock Exchange appropriately adjusted for issues during the period:—

	1971	*1972*	*1973*	*1974*	*1975 (to 18th June)*
	DFl.	*DFl.*	*DFl.*	*DFl.*	*DFl.*
High	129	161	152	159	128
Low	99	110	96	88	101

The closing price on 18th June, 1975 was DFl. 117.

The price of the Ordinary shares of Ennia and the BDRs in respect of those shares on The Stock Exchange will be quoted in sterling. Transactions in sterling will be at prices which will include the premium on investment currency and will normally be effected for settlement against delivery on the fifth day after the date of the transactions.

7. Interests in the issued share capital of Ennia

The Members of the Boards of Ennia together with their families are interested in aggregate in less than 1 per cent. of the issued Ordinary shares of Ennia. Save as disclosed herein the Boards of Ennia are not aware of any interest in 10 per cent. or more of such Ordinary shares. The issued preference share capital of Ennia, all of which is owned by Schweizer Rück Holding A.G. of Zurich (the holding company of Schweizerische Rückversicherungs-Gesellschaft), carries the right to exercise approximately 29 per cent. of the aggregate voting powers attributable to the present issued share capital of Ennia.

8. Service Agreements

No Director of the Company has a service agreement with the Company. No member of the Supervisory or Management Boards of Ennia has a service agreement with Ennia or any of its subsidiaries which cannot be terminated by the employing company within one year without payment of compensation, other than statutory compensation.

9. Other Interests.

No contract subsists in which a member of either the Supervisory or Management Boards of Ennia, or their families, is interested directly or indirectly to any extent in excess of 10 per cent., and which contributes or could contribute over 1 per cent. to the assets or liabilities of the Group. No such member has any interest, direct or indirect, in any assets which, after 19th June, 1973, have been or are proposed to be acquired, disposed of by or leased to Ennia or any of its subsidiaries.

10. Share and Loan Capital Issues of Ennia and its subsidiaries

Save as mentioned herein during the two years preceding the date hereof no share or loan capital of Ennia or any of its subsidiaries has been issued otherwise than for cash, or offered for subscription, or agreed to be issued, and no commission has been paid, or is payable, for subscribing, or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any such capital, and no such capital is under option or agreed conditionally or unconditionally to be put under option.

No issue of shares in Ennia will be made which would effectively alter the control of Ennia or the nature of its business without the prior approval of shareholders in general meeting. Ennia will not issue shares for cash otherwise than to its existing shareholders without the prior approval of shareholders in general meeting; such approval will not, however, be required where the shares represent or are issued for the purpose of raising all or part of the purchase price of a company or other assets to be acquired by Ennia.

11. Placing Agreement

Under an agreement dated 19th June, 1975 the Banks have agreed, subject to the Council of The Stock Exchange admitting the Stock and the Ordinary shares and BDRs to the Official List not later than 27th June, 1975, to subscribe or procure subscribers for the whole of the Stock at par payable in full on acceptance. For their services the Banks will receive a fee of two per cent. on the nominal amount of the Stock, out of which they will pay their own legal expenses and a fee to W. Greenwell & Co., the brokers to the issue. In accordance with the requirements of the Council of The Stock Exchange £500,000 of the Stock will be provisionally reserved for the market. The Company will pay a commitment commission of £2,500 to certain subscribers of the Stock in respect of the Stock provisionally reserved for the market and will allow a discount, not exceeding £3,750, to the market in respect of the Stock actually taken up by it.

12. Expenses of the Issue

The expenses of the issue of the Stock and the Introduction of the Ordinary shares and BDRs of Ennia including the fee to the Banks and the above-mentioned commission and maximum discount, are estimated to amount to £167,000 (including applicable VAT) and are payable by the Company.

13. Material Contracts

The following contracts, entered into otherwise than in the ordinary course of business during the two years preceding the date hereof, are or may be material:—

(i) dated 10th August, 1973, between Ennia (1) and Schweizerische Rückversicherungs-Gesellschaft (2) for the issue of 13,400 Preference shares of Ennia of DFl. 1,000 each (10% paid) at par;
(ii) oral agreement dated 26th February, 1974, between Ennia (1) and certain unidentified holders of bearer shares of Mercator (2) whereby Ennia acquired approximately 35 per cent. of the issued share capital of Mercator (namely 11,146 Ordinary shares and 2,745 Founders' shares at a price of Belgian Francs 18,100 and 28,300 per share respectively);
(iii) dated 9th December, 1974 and 24th December, 1974 between European Banking Company Limited ("EBC") (1) and Triumph Underwriting Agencies Limited ("TUA") (2) whereby two short term loan facilities totalling £2,100,000 were made available to TUA under the guarantee of Ennia. The facility made by letter dated 9th December, 1974 was renewed by letter dated 4th June, 1975 and both facilities will be repaid out of the proceeds of issue of the Stock;
(iv) dated 9th December, 1974 between Triumph Investment Trust Limited ("Triumph") acting through its Receivers (1) TUA (2) and Ennia (3) whereby Triumph agreed to sell to Ennia all the issued share capital of TUA, and to sell to TUA three-quarters of the issued share capital of Triumph Insurance Company Limited at an aggregate consideration of £1,100,000;
(v) dated 2nd January, 1975, between Ennia (1) and British Petroleum Maatschappij Nederland B.V. ("BP Nederland") (2) whereby Ennia sold to BP Nederland certain rights arising from its shareholding in Trouw & Co. N.V. and gave BP Nederland an option to purchase such shareholding at a price to be determined by reference to future profits;
(vi) dated 9th and 15th May, 1975 between Amsterdam-Rotterdam Bank N.V. (1) on behalf of a syndicate and Ennia (2) whereby the syndicate underwrote the issue of 274,176 Ordinary shares of DFl. 20 each of Ennia (being a rights issue offered to Ennia's shareholders on a one-for-five basis) at a price of DFl. 100 per Ordinary share at a commission of 2 per cent. of the issue price;
(vii) dated 19th June, 1975 between the Banks (1) and the Company (2) being the agreement referred to in paragraph 11 above; and
(viii) dated 19th June, 1975 between EBC (1) the Company (2) and Ennia (3) whereby EBC agreed to act as Conversion Agent for the Stock at a fee of £3,000.

14. Certificate of Exemption

A Certificate of Exemption has been given by the Council of The Stock Exchange pursuant to Section 39 of the Companies Act 1948.

15. Consents

Moret & Limperg and Coopers & Lybrand have given and have not withdrawn their written consents to the issue of this document with the inclusion therein of their reports in the form and context in which they are included.

16. Documents Delivered to the Registrar of Companies in London

The documents attached to the copy of this document delivered to the Registrar of Companies in London for registration were (a) a memorandum of the contract numbered (ii) referred to in paragraph 13 above (the original contract having been oral); (b) copies of the other material contracts referred to in paragraph 13 above; (c) notarially certified English translations of the contracts numbered (i), (v) and (vi) referred to in paragraph 13 above (the original contracts being in a language other than English); (d) copies of the written consents referred to in paragraph 15 above; and (e) a copy of a statement of the adjustments to the published accounts of Ennia made by Moret & Limperg in preparing their report.

17. Documents Available for Inspection

The following documents or copies thereof may be inspected during usual business hours up to and including 3rd July, 1975 on any business day except Saturday, at the offices of Freshfields, Grindall House, 25 Newgate Street, London EC1A 7LH:—

(i) the Memorandum and Articles of Association of the Company;
(ii) the Statutes of Ennia and an English translation;
(iii) the Conditions of Administration of registered shares in Ennia referred to in Appendix II, and an English translation;
(iv) the published audited accounts of Ennia for the two years ended 31st December, 1973 and 1974, and English translations;
(v) the Accountants' reports, the written consents and the statement of adjustments referred to above;
(vi) a proof, subject to amendment, of the Trust Deed constituting the Stock;
(vii) the material contracts referred to in paragraph 13 above (or, in the case of the contract numbered (ii) in that paragraph, a memorandum thereof, the original contract having been oral) with English translations where the originals were not in English; and
(viii) the Netherlands Commercial Code and an English translation of the parts thereof relating to limited companies.

19th June, 1975.

PARLIAMENT

Bill gives power to try fugitive offenders

ALL DECENTLY minded people were affronted by terrorists escaping justice by seeking refuge in the Republic of Ireland. Ulster Secretary Mr. Merlyn Rees told the Commons yesterday.

He called on MPs to give a second reading to a Bill giving Northern Ireland courts power to try fugitive offenders for offences committed in the Republic.

The Criminal Law (Jurisdiction) Bill is part of a package deal with the Irish Government where a reciprocal Bill has already been given a second reading.

Mr. Rees explained the two Bills were needed because existing arrangements for the return of fugitives from the Republic to Northern Ireland did not work for terrorist crimes. "The perpetrator of a terroist crime in Northern Ireland can readily escape over the border and plead that his offence was political. He has every prospect of successfully securing his release in this way—particularly if he is connected with the IRA."

"Since the troubles started in Northern Ireland no person accused of a terrorist offence in Northern Ireland has been returned from the Republic to face trial.

"Twelve persons wanted for terrorist offences committed in Northern Ireland have now been set free by courts in the Republic on the grounds that their offences were political or connected with a political offence."

There had been instances where a fugitive had returned to Ulster to resume his activities "It is an affront to all decently-minded people that terrorists have escaped justice and that others like them may be encouraged to seek refuge in the Republic in the hope that they too will escape."

The Bill specifies the offences to which the procedure can be applied. It creates new offences connected with hijacking and using vehicles to plant "proxy-bombs"

The measure also provides for evidence to be taken from witnesses without them having to cross the border.

The Bill would come into operation on date or dates specified by Mr. Rees, and its operation would be related to the date of operation of the Irish Bill.

As MP warns on Communist threat

Wilson tells wreckers: My faith is in democratic unions

BY JOHN HUNT

MR. HAROLD WILSON fully endorsed a Labour backbencher's warning yesterday that trade unionists should beware of manipulation by Communist leaders who wanted to wreck the social contract and social democracy.

The exchanges came in the Commons after the Prime Minister had come under strong criticism from Mrs. Margaret Thatcher, the Conservative leader, for failing to make an early statement on what measures the Government intends to take to deal with the economic situation.

Mr. Wilson drew cheers, particularly from the Conservative benches when he replied to a strongly worded question from Mr. Jack Ashley (Lab., Stoke S).

According to Mr. Ashley, no-one had done more than Mr. Wilson to win the vital co-operation of trade unions for the Government's programme. But he thought that the time had now arrived when the Prime Minister should deliver a warning to all trade unionists — engineers, miners and anybody else.

MR. JACK ASHLEY. 'Beware the destroyers.'

Manipulate

He should tell them that they damaged themselves, their union and the country by allowing themselves to be manipulated by Communists who happened to be trade union leaders. These Communists, said Mr. Ashley, were dedicated to destroying the social contract and social democracy.

Mr. Wilson replied: "Yes, sir. I gave a warning along these lines to the TUC Congress last September and most recently at a miners' conference less than a fortnight ago, when I referred to what the miners needed to safeguard their future.

"With regard to those seeking to wreck the social contract, for whatever motive — political or otherwise—I would simply say this.

"The Government has honoured its part of the social contract. I place my faith in democratic unions and democratic trade union leaders fighting desperately to solve this problem on the basis of consent and who wish to avoid the pressure of Conservative MPs who want to return to a system which has proved totally wrecking to the industrial situation in this country."

The chairman of the Left-wing Tribune group, Mr. Sydney Bidwell, pointed out that industry contained people with "an enormous amount of goodwill towards the Socialist ideas of the party that the Prime Minister leads in relation to Britain's economic difficulties."

Mr. Wilson observed that in this case, no doubt Mr. Bidwell would be eager "to throw his full weight behind the mobilisation of this front of goodwill."

Launching a fortright attack on the Prime Minister, Mrs Thatcher asked him if he recollected promising that he would not hesitate to take further economic measures if the situation needed it.

"The value of the pound has fallen to 75p, unemployment is the highest in June since records were first kept, and manufacturing production has fallen to the levels of the three-day week.

"How much worse do things have to get before you take action?"

Mr. Wilson told her that there had been protracted discussions with the CBI and TUC, and he took pride in the fact that the Government was trying to get a solution by negotiation.

"When the Government has proposals to put before the House, we shall put them," he said.

Mrs. Thatcher again leapt to her feet and repeated her demand to know just how much worse things would have to get before the Government acted. "Are you just going to let the pound slide further and unemployment get worse?"

Mr. Wilson snapped: "You know perfectly well that statements of that kind are encouraging people to gamble against the pound."

Mr. Wilson stressed that we were now facing the worst world depression since the 1930s. But Britain was maintaining production and the volume of exports, and was doing better than almost any other country during this depression. We had less unemployment than any other advanced country.

Mr. Jo Grimond (Lib., Orkney and Shetland) warned that there was not indefinite time left for discussions on the economy. "The situation is deteriorating rapidly," he said. "When are concrete measures to be put before this House?"

The Prime Minister told him that discussions on the economy would continue until the Government got consent. He denied Tory allegations that he was trying to pretend that everything in the garden was lovely.

Conspiracy law change hint

HOME SECRETARY Mr. Roy Jenkins said in the Commons yesterday that there were certain not wholly satisfactory features about the law of conspiracy.

It might be reasonable to deal with certain matters, where penalties were very large in relation to the substance of the offence, before the completion of the Law Commission review.

Mr. Robert Adley (C., Christchurch and Lymington) said that if changes were made quickly people would feel "this Government is susceptible to pressure from certain quarters in this country who find particular decisions not to their taste." The country looked to him to uphold the rule of law.

Mr. Jenkins said he always tried to give the appropriate degree of attention to points made from either side of the House.

Mr. Dennis Skinner (Lab., Bolsover) said that in view of the continued imprisonment of the Shrewsbury Two as a result of the conspiracy law, did not Mr. Jenkins "regard himself as somewhat lucky to have escaped the Cabinet reshuffle in view of the fact that he refused to carry out Labour party conference decisions."

Mr. Jenkins replied: "No Sir." His duty was, impartially, to uphold the rule of law.

Opposition home affairs spokesman, Mr. Michael Alison, said that Mr. Jenkins's detached and judicious approach had the overwhelming support of the House, the country and the Campaign for Democratic Socialism.

Relief on VAT—but no major changes

By Justin Long, Parliamentary Correspondent

HERALDING A number of concessions on the range of products subject to the higher rate of VAT—mainly to correct anomalies — the Government last night discouraged any idea of major reliefs being offered during further debates on the remaining stages of the Finance Bill.

Mr. Robert Sheldon, newly promoted Financial Secretary, acknowledged in the Commons Standing Committee on the Bill that in spite of all the Government's efforts to keep to a minimum anomalies in the application of the higher rate of tax imposed in the Budget, it was impossible to eradicate them all.

"But my office is always ready to receive representations from groups and organisations that feel they have grivances and have suggestions to put forward," he added.

Proposing an amendment to exempt power-operated kitchen equipment from the higher VAT rate, Mr. Michael Spicer (Con., Worcestershire S.) said: "By what divine inspiration — there is no logic — the Treasury Ministers decided that cookers are good for us and fridges are not, I do not know. A fridge is not a luxury item."

Mr. Spicer said that in 1974, 75 per cent. of households had a refrigerator, and 15 per cent. a freezer.

Mr. Sheldon, said the articles they were discussing were not so chosen because of their lack of necessity. The criteria of indirect taxation was to select a broad category, try to minimise anomalies and repercussions and maximise the revenue.

Mr. Sheldon said that there had been discussions between the Customs and Excise and the trade on definitions as industrial power equipment attracted 8 per cent. tax and domestic equipment 25 per cent. Any freezer or refrigerator or equipment normally available in the High Street would be classified as domestic.

"If there are groups or organisations that feel themselves inconvenienced and have a suggestion to put forward my office is always ready to receive representations of this kind."

The amendment was defeated by 17 votes to 15.

Mr. Jerry Wiggin (Con., Weston-super-Mare), speaking on an amendment to remove horticultural or gardening equipment from the higher rate said that some very difficult situations would be created for dealers in general hardware.

"I understand for example that the repair of a lawn-mower could entail three separate rates of VAT zero rate for the oil and two separate rates for the various bits and pieces."

He said that the Customs and Excise were asked how this sort of transaction should be invoiced, and had suggested raising three different invoices. The frustration and extra paper work involved in three different invoices for a single transaction was considerable.

Mr. Sheldon said he could find no case for any relief for lawn-mowers, but agreed that there was a case for trying to exclude horticultural appliances. He undertook to consider this further and come back with a proposal at the report stage of the Bill.

The amendment was withdrawn.

Next week's business

COMMONS business next week is:

MONDAY: Debates on postal ballots for trade union appointments, and on "the preservation of good schools."

TUESDAY: Debate on the Royal Air Force; motions on social security benefits up-rating order and supplementary benefit regulations.

WEDNESDAY: Scottish Development Agency (No. 2) Bill, second rdg.: Diseases of Animals Bill and Industrial and Provident Societies Bill, rmg. stgs.

THURSDAY: Welsh Development Agency (No. 2) Bill, second rdg.: motions on Northern Ireland (Various Emergency Provisions) (Continuance) order and Northern Ireland Act 1974 (Interim Period Extension) order.

FRIDAY: Northern Ireland (Emergency Provisions) (Amendment) Bill, second rdg.

MONDAY (June 30): Industry Bill, report.

LORDS debates are:

MONDAY: Iron and Steel Bill, second rdg. Housing Finance (Special Provisions) Bill, committee; motion to approve Counter Inflation (Price Code) (amendment) order.

TUESDAY: Scottish Development Agency (No. 2) Bill, and Welsh Development Agency (No. 2) Bill third rdgs.; Social Security Pensions Bill, and Local Land Charges Bill, second rdgs.; Inheritance (Provision for Family and Dependants) Bill, third rdg.

WEDNESDAY: Debates on voluntary service in the community, and on homelessness.

THURSDAY: Salmon and Freshwater Fisheries Bill, and New Towns Bill, committee; Policyholders Protection Bill, third rdg.; Fair Employment (Northern Ireland) Bill, report; and Divorce (Scotland) Bill, second rdg.

FRIDAY: Cruelty to Animals Bill, second rdg.: Mobile Homes Bill report; and Guard Dogs Bill, and Litigants in Person (Costs and Expenses) Bill, committee.

Jenkins looks forward to action on secrets law as Crossman protest grows

HOME SECRETARY, Mr. Roy Jenkins, told MPs yesterday that he was anxious to liberalise the law relating to official secrets and was considering legislation to deal with the protection and disclosure of official information.

He said it was hoped to legislate in the next session of Parliament. "The basis of my thinking is that the criminal law should be kept out of this field as far as possible."

Mr. Jonathan Aitken (C., Thanet E.) urged Mr. Jenkins to introduce a Freedom of Information Bill. He said the latest episode in the "Crossman Diaries" saga illustrated the urgency of legislation to establish the principle of the public's right to know and to end the "long running Whitehall farce" of excessive secrecy.

Mr. Aitken referred to the "ludicrous spectacle" of the Government trying to slam the door of official secrecy on the book version of the Crossman diaries.

The Speaker, Mr. Selwyn Lloyd, intervened to say that this matter was sub-judice and should not be raised in the House.

Mr. Aitken said there had been discrepancies in the attitude towards book publications and newspaper publications.

Mr. Jenkins said he was not convinced of the need for a Freedom of Information Bill along U.S. lines. He did not think this would be wholly suitable in Britain.

He told Mr. Eric Heffer (Lab. Walton) that he thought it desirable to introduce legislation which went beyond the proposals of the Franks Report on the working of the Official Secrets Act.

'Disrepute'

Later, when Mr. Hugh Fraser (Con., Stafford and Stone) attempted to persuade the Speaker that the Crossman diaries issue should be the subject of an emergency debate, the Speaker again ruled that the matter was sub judice.

Mr. Fraser did not initially say what he was referring to but declared: "This is a matter which offends against commonsense and natural justice. If it is not debated it could bring one of the high offices of this House into disrepute.

"It is a matter where a large and powerful newspaper is privileged and where an individual...."

At this point Mr. Lloyd intervened: "I must ask you if you are referring to the Attorney General and the Crossman memoirs?"

When Mr. Fraser said it was obvious he was, Mr. Lloyd continued: "In that case I will not allow you to proceed as I have ruled this matter is sub judice. A writ has been issued for an injunction in this case.

Mr. Heffer said that part of book had already been published in The Sunday Times and was common knowledge. "Is it not possible then for us to debate these aspects of the already published material?"

Mr. Lloyd explained: "It would be quite improper for this House to debate or discuss it until the case has been heard."

Mr. Aitken was rebuked when he intervened: "Does your ruling really mean that the Attorney-General can effectively gag and silence Parliament by the exercise of political action dressed up as a judicial decision?"

Mr. Lloyd told him: "That observation is quite improper."

● Mr. John Golding (Lab. Newcastle-under-Lyme) asked the Prime Minister to state his practice in relation to consultation by the Attorney-General, of him personally, or the Cabinet collectively, before taking a decision on the institution of legal proceedings.

In a Commons written reply Mr. Harold Wilson told him that since 1964 he had made it a rigid practice never to ask the Attorney-General to consult him, or the Cabinet, either about a criminal prosecution or about the institution of civil proceedings, when acting in his capacity as protector of the public interest.

"It is, of course, open to the Attorney-General to obtain the views of a Minister on any relevant matters before reaching his decision," Mr. Wilson said.

Short pressed to reconsider Stonehouse debate decision

URGED BY a Labour MP in the Commons yesterday to reconsider an early debate on Mr. John Stonehouse, Mr. Edward Short, Leader of the House, repeated that this could be prejudicial.

Mr. Jock Stallard (Lab., St Pancras N) recalled that one reason for deferring the debate, given by Mr. Short last week, was that Mr. Stonehouse had been admitted to a psychiatric ward for treatment.

He asked: "Have you since heard or seen statements which appear to deny that. I am asking if you will inform the House of the source of your information and reconsider the question of an early debate."

Mr. Short: "The basis of my statement was a cable which the Government received the previous evening from the Acting High Commissioner in Melbourne."

The cable had said: "The Australian Attorney General's Department have told us that Mr. Stonehouse is in a psychiatric ward at Pentridge Prison, Melbourne."

Mr. Short added: "That evening a number of Press representatives phoned my office and said they were informed this was not the case. I had another cable sent to Australia that evening and got a reply the next day from the Acting High Commissioner." This said that the information had originated from the Deputy Crown Solicitor in Melbourne.

Mr. Short said that this was confirmed by a doctor. "That seemed to me to be pretty clear."

Mr. William Hamilton (Lab. Fife Cent.), demanded an assurance that the Stonehouse affair would be debated in the next few months. "Can you say, in view of the imminence of the publication of the Boyle report on MPs' pay, whether Mr. Stonehouse will be entitled to such increases that Boyle recommends and the Government accepts?" he asked.

Mr. Short: "This situation changes very rapidly, almost from day to day, but I keep it constantly under review.

"The Prime Minister, I understand, has received the Boyle report. The Government has not yet been able to consider it, but certainly as things stand, Mr. Stonehouse would be able to claim an increase if an increase were given. That is the position at present."

Mr. George Strauss (Lab., Vauxhall) said that the Select Committee had advocated Mr. Stonehouse's explusion on constitutional and Parliamentary grounds which were nothing to do with any charges being made against him. In any debate on the report, references to such charges would be out of order.

Mr. Short said he had taken the best legal advice he could get on the matter and was assured that it would be virtually impossible for the House to discuss the matter without it having some bearing on any subsequent trial.

"I hope we still do not consider anybody guilty in this country until they have been found guilty," he added.

Prior warns on hostility to 'one-sided' Bill

INDUSTRY MANAGERS were beginning to talk of "killing off" the Government's Employment Protection Bill in the same way the unions had "killed off" the Industrial Relations Act, Opposition employment spokesman, Mr. James Prior claimed yesterday.

Mr. Prior told the Commons Standing Committee considering the Bill, that much of industry felt that the Bill was one-sided and biased in favour of the unions.

"Evidence is reaching us that more and more managers are beginning to say, 'How can we wreck this Bill in the same way that the unions wrecked the Industrial Relations Act?'" said Mr. Prior.

"I think that is a situation we should try to avoid," he added.

Employment Minister of State, Mr. Albert Booth, said that the Government proposed a much tougher test than applied to unemployment benefit to determine whether a worker was entitled to guarantee payments.

There was often a great deal of injustice to people who were unemployed because of a dispute in which they had no part—but they could not claim unemployment benefit because of the strictness of the rules.

GOLF — **BY BEN WRIGHT**

Weather hazards at U.S. Open

CHICAGO, June 19.

CONDITIONS COULD only be described as deplorable when the first round of the 75th U.S. Open Championship started to-day here at 7.30 a.m. at Medinah Country Club—on its No. 3 course.

The humidity was already around 90 per cent., the temperature around 80 degrees even at that early hour, and four inches of rain since last Friday afternoon have made the place a glutinous quagmire as the huge crowds roll in, many of them preparing to walk barefoot to avoid destroying both shoes and clothing.

Happily the sun is beating down, but there are chances of thunder showers later in the day, and it was a thunderstorm yesterday that put the opening of the championship in doubt by pouring 1.2 inches of rain upon an already soaked area.

Fast greens

Peculiarly however the greens were still lightning fast, but the fairways have not been cut since Tuesday afternoon, and there are plenty of flying lies.

The course will undoubtedly play longer than its 7,032 yards, par 71, but pitching to the greens must inevitably be easier.

Among the early starters were Peter Ooosterhuis, out at 8.43 a.m. alongside Tom Weiskopf, and Tony Jacklin, out at 9.56 a.m. alongside Jack Nicklaus, formidable pairings for the twin-pronged British threat—if you can call it that.

Ooosterhuis had the most daunting of starts, in that he hooked his first drive up a maple tree, and the ball stayed there. Oosterhuis, who happily stands 6ft. 5in. tall, was able to reach the ball with his No. 1 iron to bring it down, but he was forced to drop under penalty of one stroke. He came up short of the green, but it is typical of both his courage and concentration that he was able to escape with a pitch and putt, dropping only one stroke to the par of four when anything could have happened.

To his credit, Oosterhuis hit a glorious six iron shot over Lake Kadijah at the 187-yard par three second hole to within a yard of the cup for a lovely birdie to restore the balance. After that he recorded rock-solid par fours at the dangerous third and fourth holes before playing two fine wooden club shots just short of the green at the 527-yard fifth. He birdied the hole by means of another excellent chip and single putt, and was now on the leader board at one under par.

Unhappily I had to leave him at this juncture to catch up with Jacklin's opening, and Oosterhuis immediately dropped a stroke to par at the sixth hole to return to level par. Happily, there were no more disasters before the turn which Oosterhuis reached in level par 36, and thankfully he is still on the leader board in that position, since as I speak only six players are under par at 11.30 a.m.

Two birdies

Alongside Oosterhuis, Weiskopf had enjoyed a heaven-sent start when he birdied the first and second holes with putts of seven and six yards respectively. He reached the green with two glorious strokes at the fifth to birdie this hole as well, but thereafter he dropped two strokes to be tied with Oosterhuis at the half-way stage.

Jacklin hit an excellent opening drive to the right centre of the fairway, although Nicklaus pumped one out 20 yards past him on the left. The other member of the trio, Ben Crenshaw, hooked his drive, as is his wont, but he was the only member of the trio to open with a birdie, holing a putt of some 12 yards from the front of the green for a three.

Jacklin hit a fine second shot with his wedge at this 390-yard hole, even excelling Nicklaus, whose ball pulled up 20 feet past the hole to Jackline's 15. Neither could get in the putt that mattered, however, and so we started a long and tiresome wait on the second tee, as is almost always the case when a short par four is followed by a par three hole.

Eventually Crenshaw and Jacklin played to the front edge of the green across the water, leaving themselves uphill putts. But Nicklaus over-clubbed by at least one, possibly two, and left himself a horrible-looking downhill chip towards the water from tortuous rough, made all the more difficult by its dampness.

Nicklaus underlined his formidable ability as a competitor by chipping down the slope with exquisite delicacy. Even then the ball gathered pace to go six feet past the hole, but the putt was rammed in with firmness.

Jacklin putted four feet by, and so left himself with an unenviable second putt of the very kind he dislikes most, namely down and across the slope from left to right. But he too got the vital putt in. Crenshaw two-putted also.

As I left this group news filtered back that Jacklin had dropped a shot at the third hole, but I have no further news of him, since he is not on the leader board as yet. The news is good of Oosterhuis, however, in that he has birdied the immensely long and difficult 583-yard tenth hole to be one of the few players below par with the magical red numbers against his name.

So the latest news of those concerned with the leadership is that the bespectacled redhead from Oregon, Pat Fitzsimons, leads by two shots with two holes to play at five under par. Fitzsimons, who won the Los Angeles Open for his first tournament victory earlier this year, was helped in no small part by a hole in one with a six iron shot at the second hole which gave him a flying start. He capitalised upon this by reaching the turn in 32 shots, and after a birdie at the 10th which put him five under he has played with commendable solidity to record six par figures after that.

At this moment Fitzsimons leads by two shots from the giant Californian Jim Wiechers, who is three under par with five holes to play, and by three shots from Grier Jones and Gibby Gilbert, who are both at two under par. As I conclude the group at one under par includes Nicklaus, by virtue of a birdie at the fifth, Oosterhuis, Crenshaw, Tom Watson, and Jim Colbert.

YACHTING — **BY ALEC BEILBY**

Starting line wrangle

WHILE PROTEST and counter-protest surround last week-end's second of the two inshore trials for the selection of the British Admiral's Cup team, the 14 trial yachts join 105 others for the Morgan Cup race this week-end—the second ocean race of the trials.

The race starts from Cowes and will be sailed over one of six possible long courses for the larger yachts, and six shorter courses for the smallest. Both courses will probably cross the Channel.

The protests resulted from a misunderstanding of the sailing instructions concerning the distance mark at the Royal Yacht Squadron starting line, half the trialists interpreting them one way and the rest another; but the Royal Ocean Racing Club, which organised the trials, said that the result in the trials need not necessarily be the final criterion on which the team might be chosen.

Meanwhile La Goleta, the 48-year-old schooner owned by Chris Lawrence, makes her second appearance offshore this year. Racing under the American flag, the yacht was first of only two to finish the 1926 Fastnet race, and is being prepared for the veterans' Jubilee race to the Fastnet and back during Cowes Week.

APPOINTMENTS

Paul Channon rejoins Board of Guinness

Mr. Paul Channon, Conservative MP for Southend West, has become a director of ARTHUR GUINNESS SON AND CO. He was originally appointed to the Board in 1961 and resigned in 1970. Mr. Channon has held a number of Ministerial appointments and was Minister for Housing and Construction 1972-74.

★

Mr. G. William Barlow has been appointed to the Board of GLYNWED as a non-executive director.

★

Mr. John Winchester has been appointed financial director of TI DESFORD TUBES, a member of the Tube Investments group.

★

Group Captain Norman F. Curtis has become managing director of TRADEWINDS AIRWAYS. Sir Paul Wright, who retired in April as U.K. Ambassador to the Lebanon, and Mr. A. J. Hill, managing director of A. J. Hill (Airbrokers), have joined the Board.

★

Mr. Graham Cawdron, director in charge of PEATLING AND CAWDRON, a subsidiary of Green King and Sons is retiring at the end of June on medical advice. He will be succeeded by Mr. W. G. Hynard.

★

Mr. George Duncan is giving up his executive duties at YULE CATTO AND CO. He will remain on the Board until the end of the year and he will then act as a consultant to the company. There will be a new management structure of divisional directors consisting of Mr. P. Q. Back (manufacturing and product marketing), Mr. Kenneth Waters (plantations and business development), Mr. C. I. Turcan (administration) and Mr. T. R. Wightman (finance).

★

Mr. H. R. H. Lee, who retired as a general manager of Barclays Bank in 1973, has joined the Boards of KEYSER ULLMANN HOLDINGS and KEYSER ULLMANN.

★

Mr. J. N. Mendelssohn, group financial and commercial co-ordinator of J. LYONS AND CO., has been appointed to the Board.

★

Mr. S. H. B. Marshall has been appointed a director of TAYLOR WOODROW CONSTRUCTION (MIDLANDS).

★

Mr. J. A. B. Keeling has been elected chairman of SAFEGUARD INDUSTRIAL INVESTMENTS in place of the late Mr. E. F. J. Plumridge. Mr. F. L. Garner has been appointed a director. Mr. Keeling is chairman of London and Yorkshire Trust and Mr. Garner is deputy chairman of the Pearl Assurance Company.

★

Mr. Max R. Luthert, a director of Lloyds Bank International, has joined the Board of LLOYDS BANK INTERNATIONAL (BELGIUM) SA and Mr. Michel Perier and Mr. Albert de Smaele have also been appointed to that Board.

★

Mr. William F. G. Lord has been appointed a director of EDWARD BATES AND SONS.

★

Mr. F. Bruce Stephenson has been appointed sales director of ELSOMS SEEDS.

★

Mr. Peter A. J. Gardiner has been appointed chairman of PANMURE TRADING COMPANY, a subsidiary of ABM Malting.

★

Mr. T. Hutchinson has been appointed managing director and Mr. M. V. Mattok financial director of MILSHAW HYDRAULICS, part of the Butterfield-Harvey group.

★

Mr. D. Keown-Boyd has succeeded Mr. J. G. S. Gammell as chairman of EDWARD BATES AND SONS (HOLDINGS). Mr. Gammell remains on the Board.

★

MILLBANK TECHNICAL SERVICES has reconstructed its Board. Mr. M. J. Cotton, deputy chairman, is now designated deputy chairman and chief executive. Mr. N. Hewins and Mr. E. A. Kirkby become joint managing directors and Dr. F. T. Hamblin is now director of administration. Mr. Hewins, who joined MTS earlier this month, was formerly director of finance to the Crown Agents and will remain a member of the Crown Agents' executive board. Mr. Kirkby, who also joined MTS this month, will also retain his position on the Crown Agents' executive board, as its director of engineering services. Dr. Hamblin was previously executive director of MTS.

★

Three senior appointments have been made by the POST OFFICE at its telecommunications headquarters. Mr. John Whyte, director of operational programming, becomes director of purchasing and supply, filling the vacancy created in March by the promotion of Mr. John Harper to senior director, planning and purchasing. Mr. Keith Hannant, director of international and maritime telecommunications, is appointed director of operational planning. Mr. Donald Wray, deputy director, external telecommunications (planning), has been promoted to director of international and maritime telecommunications.

★

Air Marshal Sir Peter Horsley, who until his recent retirement was Deputy Commander in Chief, U.K. Air Forces, has joined the Board of ML Holdings and its two aviation subsidiaries ML Aviation Company and ML Engineering.

★

DEBENHAMS has appointed Mrs. Helen Robinson to the Board of its department stores division from June 30 and she will be invited to join the Boards of a number of the group's other subsidiaries. She joins Debenhams from Vogue magazine.

Mr. James P. O'Neill has been appointed to the Board of RANK XEROX. He is a senior vice-president and senior staff officer of Xerox Corporation as well as a member of the Board.

Mr. Robin A. Eye, a director of Midland Montagu Industrial Finance, has joined the Board of J. E. Beale as a non-executive director. Midland Montague Industrial Finance is a subsidiary of Samuel Montague and Company.

★

Mr. Derek S. Gilding has been made an executive director of ROOKE TAYLOR COOMBE.

Mr. W. George Friar has been appointed to the Board of SANDHURST (BRITANNIA) and takes over all training co-ordination responsibilities for the group.

APPOINTMENTS

Divisional Chief Executive

to control four companies engineering and manufacturing plant for the oil, chemical and water treatment industries. Turnover is accelerating beyond £6 million and the division forms part of an industrial holding group.

- RESPONSIBILITY will be to the Group Chairman. The task is to develop and expand the division, both organically and by acquisition. A seat on the holding company board should follow.
- A QUALIFIED ENGINEER is required who can show evidence of success in general management with profit achievement. A knowledge of welding techniques, metal forming and fabrication is important. Career progression will have included engineering and production management in a similar industry.
- SALARY indicator £10,000 with bonus geared to performance. Age late 30s, early 40s. Home base South Yorkshire or East Midlands.

Write in complete confidence to P. T. Prentice as adviser to the group.

TYZACK & PARTNERS LTD
10 HALLAM STREET LONDON W1N 6DJ
and
12 CHARLOTTE SQUARE EDINBURGH EH2 4DN

General Manager

INTERNATIONAL MARKETING

- THIS is a new appointment at the centre of a leading telecommunications group operating internationally with an enviable growth record.
- THE role is to head a department which is to co-ordinate the marketing effort of UK product divisions with regional requirements overseas. The initial task is to assess the world-wide market for switching and transmission products and to develop a strategy for expanding overseas business.
- BROADLY based, experience in promoting the sale of capital equipment to governments and other major overseas customers is essential.
- TERMS are negotiable. The salary element will attract men already remunerated in excess of £10,000.

Write in complete confidence to K. R. C. Slater as adviser to the group.

TYZACK & PARTNERS LTD
10 HALLAM STREET LONDON W1N 6DJ
and
12 CHARLOTTE SQUARE EDINBURGH EH2 4DN

Engineers

For leading private Iranian mining company require engineer for their new large modern concentrating unit preferably with many years experience operating flotation units particularly on non ferrous ores, e.g. lead zinc etc.

Modern residence in major Iranian city arrangeable in addition excellent remuneration.

Please send complete Curriculum Vitae to Box E.5417, Financial Times, 10, Cannon Street, EC4P 4BY.

Progressive Stockbrokers

require

CASHIER ACCOUNTANT

Age 30 to 40 preferably with Stock Exchange accounting background. Excellent prospects of progression to managerial level for right applicant. *Ring Manager 588 5699.*

UNIVERSITY APPOINTMENTS

THE UNIVERSITY OF MANCHESTER

MANCHESTER BUSINESS SCHOOL
ACADEMIC POSTS

Applications are invited for posts in Finance/Accounting, Social Sciences/Personnel Management, and Marketing. The vacancies will be filled at Lecturer or Senior Lecturer level. The Marketing post may be filled at professorial level if a suitable candidate applies.

Salary scale (under review):—Lecturer: £2,118-£4,896 p.a.
Senior Lecturer: £4,707-£5,976 p.a.

Further particulars and application form (returnable by July 15th 1975), from the Registrar, The University, Manchester, M13 9PL. Quote ref: 139/75/FT.

DIRECTOR OF STUDIES/MANAGEMENT COURSE

Applications are invited for the above post. Candidate should have experience of management development or of post-experience education, and be well qualified in a subject or subjects relevant to management. The appointment will be for three years. The successful candidate will be responsible for the 10-week management course and other, shorter posts during the courses.

Salary and terms negotiable. Letters of application, with full details of qualifications and experience, should be sent to the Director, Manchester Business School, Booth Street West, Manchester, M15 6PB.

APPOINTMENTS WANTED

EXPERIENCED INVESTMENT ADVISERS

wish to contact progressive firm of Stockbrokers with capacity for a substantial increase in business with a view to opening a new office in a major provincial city.—Write Box T.4156, Financial Times, 10, Cannon Street, EC4P 4BY.

APPOINTMENTS WANTED

REPRESENTATION PUBLIC RELATIONS U.S.

Seasoned executive with top 50 firm heading New York operation seeks permanent association with European organisation acquiring or expanding U.S. interests. Broad corporate counsel, financial and international communications experience. Presently employed seeking new challenge requiring responsible independent initiative.

Box No. F.201, Financial Times, 10 Cannon Street, EC4P 4BY.

CHARTERED ACCOUNTANT—42—will accept short-term assignment period and permanent appointment.—0233 23680.

CORPORATION LOANS

13%

INVEST IN
HUNTINGDON DISTRICT COUNCIL
BONDS

Repayable 30 September 1977

Details from
Huntingdon District Council
Finance Department
Castle Hill House
Huntingdon
Tel. (0480) 54337 ext 20

PERSONAL

SOCIAL CONSCIENCE?

We are looking for a non-smoking T.V., FILM or TITLED Personality to participate on a royalty basis in the promotion of our new, highly effective anti-smoking product in which international interest has already been shown.

Please write Box T.4164, Financial Times, 10, Cannon Street, EC4P 4BY.

NOR are bringing the RAMAKIEN from Thailand to Olympia on 22nd-26th June for your free ticket ring 01-363 6892.

BRITISH FILM INSTITUTE

DEPUTY DIRECTOR

The British Film Institute, which embraces the National Film Archive and the National Film Theatre, is a government and membership financed body which exists to encourage the development of the art of film and television.

The Institute, with a staff of nearly 300, provides advice and support to bodies concerned with the art and study of film and television, and also runs a number of information and advisory services. It also publishes Sight & Sound and the Monthly Film Bulletin.

The Directorate accordingly functions in a context both creative and commercial, so the ideal Deputy Director will have wide cultural sympathies as well as the necessary expertise to enable him to advise the Director on the Institute's administration, its personnel management and on the effective control and employment of its finance.

Salary is negotiable within the scale £8,260-£9,860.

bfi

Application forms, BFI information material, full job specification and conditions of service are available from the Personnel Manager, BFI, 81 Dean Street, London W1V 6AA (01-437 4355).

Closing date for return of applications 11th July 1975.

JOSEPH SEBAG & CO.

INTERNATIONAL DIVISION

require Blue Button. This position offers good prospects for ambitious person ideally aged 18-21, with good market experience. Good salary, Luncheon Vouchers, Mortgage Scheme. Please apply for appointment 236 5000 ex 325 or 318.

Commercial Lawyer

LICENSING

- FOR a highly successful public company which markets a range of chemicals to manufacturing and process industry. 80% of sales are generated overseas. Worldwide joint venture and patent royalty arrangements are key elements in business growth.
- THE role is that of assistant to the executive responsible for all third party Agreements internationally. The base is Birmingham but significant travel will be involved.
- THE requirement is for a qualified lawyer with relevant experience in industry and an aptitude for working in an unstructured environment, with a strong emphasis on personal initiative.
- PREFERRED age: around 30.
- SALARY: negotiable above £7,000 with car and good additional benefits.

Write in complete confidence to A. Longland as adviser to the company.

TYZACK & PARTNERS LTD
10 HALLAM STREET LONDON W1N 6DJ
and
12 CHARLOTTE SQUARE EDINBURGH EH2 4DN

Mining Engineer

For long established private Iranian mining house require mining engineer, preferably with several years of underground mining experience. Excellent salary, living conditions, plus other benefits. Owing mine location, probable residence in major Iranian city. Exceptional opportunity with an exceptional fast expanding company in an exceptional fast expanding country.

Write in fullest confidence to Box No. E.5416, Financial Times, 10, Cannon Street, EC4P 4BY, enclosing Curriculum Vitae

Managing Director

North West England £12,000+

Our client is a well-known and successful group in the ceramic industry manufacturing in the United Kingdom and Overseas. This important new appointment in the United Kingdom arises from a reorganisation to promote the further development of the business. The man appointed will assume full responsibility for the profitable operation of a U.K. company which has three factories and about 1,500 employees; he will be expected to lead its further expansion in both the industrial and consumer markets. The successful candidate is likely to be in his early 40's with a sound record of general management preferably in the manufacture and marketing of consumer durable products. Knowledge of the ceramic industry would be an advantage but qualities of leadership, commercial acumen and general management ability are of paramount importance in the development and sustaining of a programme of planned expansion. Starting salary is negotiable but will not be less than £12,000 per annum with other normal fringe benefits. Senior members of the company have been advised of this opportunity.

Please reply in confidence to M. Lomas or telephone for a personal history form quoting reference L/639/1.

PE P-E Consulting Group Limited Appointments Division, 14-20 Headfort Place, London SW1X 7HN Tel: 01-235 5444

CONTRACTS AND TENDERS

A. G. McKEE & CO.
on behalf of
YACIMIENTOS PETROLIFEROS FISCALES BOLIVIANOS

INTERNATIONAL PUBLIC LICITATION No. 2.

PURPOSE: Supply of air-cooled heat exchangers for a refinery at Cochabamba, Republic of Bolivia.

BID BOND: 5% of the amount of the bid.

INQUIRIES AND DOCUMENTATION: Inquiries may be made and specifications and bidding conditions may be secured at the office of "A. G. McKEE & CO.," Hipolito Yrigoyen 440, 8th floor, Buenos Aires, Argentina.

PRICE OF SPECIFICATIONS AND BIDDING CONDITIONS: U.S. $50,00 or its equivalent.

OPENING OF THE BIDS: On August 9, 1975 at the aforementioned offices, at 11:00 a.m. The bids will be received until that date and time.

VALIDITY OF OFFERING: Thirty days following bid opening date.

FINANCING: By the BANCO INTERAMERICANO DE DESARROLLO (INTERAMERICAN DEVELOPMENT BANK), in accordance with Contract No. 225/OC-BO with the Government of the Republic of Bolivia.

PLANT & MACHINERY

CANCELLED EXPORT ORDER

Owing to cancellation, client wishes to dispose of two Mark Thomson model 830 concrete pump road trailers, fitted with Sherry compressors and complete with spare parts and piping £35,000.

Write Box T.4134, Financial Times, 10, Cannon Street, EC4P 4BY.

COMPANY NOTICES

CHARTER CONSOLIDATED LIMITED

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the tenth annual general meeting of members of Charter Consolidated Limited will be held at Winchester House, 100 Old Broad Street, London EC2N 1BU, on Tuesday 15 July 1975 at 12 noon for the purpose of considering and, if thought fit, passing the following ordinary resolutions:

1. "That the consolidated profit and loss account for the year ended 31 March 1975 and the balance sheet of the company and the consolidated balance sheet at that date, together with the annexed report of the directors, be and are hereby approved and adopted."
2. "That the final dividend of 3.95566p per share for the year ended 31 March 1975 recommended by the board of directors be and is hereby approved for payment to shareholders registered at the close of business on 13 June 1975 and to persons presenting coupon no. 20 detached from share warrants to bearer."
3. "That the following be and are hereby reappointed directors of the company: Mr. P. C. D. Burnell, Mr. H. F. Oppenheimer, Mr. W. D. Wilson, Mr. J. E. H. Collins."

These appointments will be dealt with in one resolution unless any member present or represented at the meeting requires otherwise.

4. "That the remuneration of the joint auditors for the period until the next annual general meeting be fixed by the board of directors."

The transfer books and registers of members in the United Kingdom, the Republic of South Africa, and Rhodesia will be closed from 12 to 15 July 1975, both days inclusive.

A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, to vote instead of him. A proxy need not be a member of the company. A form of proxy* accompanies this notice.

Holders of share warrants to bearer who wish to attend in person or by proxy or to vote at any general meeting of the company must comply with the relevant conditions governing share warrants to bearer.

By Order of the Board
D. S. Booth
Secretary

40, Holborn Viaduct, London EC1P 1AJ.
19th June, 1975.

*Forms of proxy were enclosed with copies of the Company's Annual Report which were sent to shareholders on 19th June 1975.

THE CONSOLIDATED DIAMOND MINES OF SOUTH WEST AFRICA LIMITED

(Incorporated in the Republic of South Africa)

NOTICE TO HOLDERS OF PREFERENCE SHARE WARRANTS TO BEARER
PAYMENT OF COUPON NO. 80

With reference to the notice of declaration of dividend advertised in the Press on 21st May, 1975, the following information is published for the guidance of holders of share warrants to bearer.

The dividend of 3.75 per cent. (3.75 cents) was declared in South African currency. South African non-resident shareholders' tax at 0.24068 cents per share and South West African non-resident shareholders' tax at 0.26812 cents per share will be deducted from the dividend payable in respect of all share warrant coupons leaving a net dividend of 3.24120 cents per share. The dividend on bearer shares will be paid on or after 1st August 1975, against surrender of coupon No. 80 detached from the share warrants to bearer at the London Bearer Reception Office of Charter Consolidated Limited, 7 Rolls Buildings, Fetter Lane, London, EC4A 1HX. Persons lodging coupons at the London Bearer Reception Office prior to 18th July, 1975 will be paid the United Kingdom currency equivalent of the rand currency value of their dividend on 22nd July, 1975. In the case of coupons lodged at the London Bearer Reception Office on or after 18th July, 1975, the dividend will unless the depositor requests payment in rand to an address in the Republic of South Africa, be remitted to the London Bearer Reception Office through an authorised dealer in Johannesburg at the then prevailing rate of exchange and the U.K. currency proceeds arising therefrom will be paid to the depositor concerned.

Coupons must be left for at least four clear days for examination and may be presented any weekday (Saturdays excepted) between the hours of 10 a.m. and 2 p.m.

United Kingdom income tax will be deducted from coupons paid in United Kingdom currency at the London Bearer Reception Office, unless such coupons are accompanied by Inland Revenue declarations. Where such deduction is made, the net amount of the dividend will be the United Kingdom currency equivalent of 2.4375 cents per share arrived at as under—

	South African Currency Per Share
Amount of dividend declared	3.75 cents
Less. South African non-resident shareholders' tax at 6.418%	0.24068
	3.50932
South West African non-resident shareholders' tax at 7.150%	0.26812
	3.24120
Less: U.K. income tax at 21.432%, on the gross amount of the dividend of 3.75 cents	0.80370
	2.43750 cents

For and on behalf of
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA, LIMITED
London Secretaries
D. H. J. Pattison.

London Office:
40, Holborn Viaduct, EC1P 1AJ.
19th June, 1975.

NOTE: The Company has been requested by the Commissioners of Inland Revenue to state:

Under the double tax agreement between the United Kingdom and the Republic of South Africa, the South African and South West African non-resident shareholders' taxes applicable to the dividend are allowable as credits against the United Kingdom tax payable in respect of the dividend. The deduction of tax at the reduced rate of 21.432% instead of at the basic rate of 35% represents an allowance of credit at the rate of 13.568%.

THE SOUTH AFRICAN LAND & EXPLORATION COMPANY LIMITED

(Incorporated in the Republic of South Africa)

NOTICE TO HOLDERS OF SHARE WARRANTS TO BEARER
PAYMENT OF COUPON NO. 73

With reference to the notice of declaration of dividend, advertised in the Press on 13th June, 1975, the following information is published for the guidance of holders of share warrants to bearer.

The dividend of 7.5 cents per share was declared in South African currency. South African non-resident shareholders' tax at 1.125 cents per share will be deducted from the dividend payable in respect of all share warrant coupons leaving a net dividend of 6.375 cents per share. The dividend on bearer shares will be paid on or after 8th August, 1975 against surrender of coupon No. 73 as under:—

(a) At the offices of the following continental paying agents to residents of the countries concerned for payment in the appropriate local currency:
Credit du Nord et Union Parisienne, 6 and 8 Boulevard Haussmann, Paris 9e.
Banque Lambert, 24, Avenue Marnix, Brussels 1050.
In respect of coupons lodged at the office of a Continental paying agent the dividend payment will be made in South African currency to an authorised dealer in exchange in the Republic of South Africa nominated by the Continental paying agent. Instructions regarding disposal of the proceeds of the payment so made must be given to such authorised dealer by the Continental paying agent concerned.

(b). At the London Bearer Reception Office of Charter Consolidated Limited, 7, Rolls Buildings, Fetter Lane, London, EC4A 1HX. Persons lodging coupons at the London Bearer Reception Office prior to 25th July, 1975 will be paid the United Kingdom currency equivalent of the rand currency value of their dividend on 29th July, 1975. In the case of coupons lodged at the London Bearer Reception Office on or after 25th July, 1975, the dividend will, unless the depositor requests payment in rand to an address in the Republic of South Africa, be remitted to the London Bearer Reception Office through an authorised dealer in Johannesburg at the then prevailing rate of exchange and the U.K. currency proceeds arising therefrom will be paid to the depositor concerned.

Coupons must be left for at least four clear days for examination and may be presented any weekday (Saturday excepted) between the hours of 10 a.m. and 2 p.m.

United Kingdom income tax will be deducted from coupons presented for payment at the London Bearer Reception Office, unless such coupons are accompanied by Inland Revenue declarations. Where such deduction is made, the net amount of the dividend will be the United Kingdom currency equivalent of 4.875 cents per share arrived at as under:—

	South African Currency Per Share cents
Amount of dividend declared	7.5
Less: South African non-resident shareholders' tax at 15%	1.125
	6.375
Less: U.K. income tax at 20% on the gross amount of the dividend of 7.5 cents	1.500
	4.875

For and on behalf of
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA, LIMITED
London Secretaries.
D. H. J. PATTISON.

London Office:
40, Holborn Viaduct, EC1P 1AJ.
19th June, 1975.

NOTE: The Company has been requested by the Commissioners and Inland Revenue to state:

Under the double tax agreement the United Kingdom and the Republic of South Africa, the South African non-resident shareholders' tax applicable to the dividend is allowable as a credit against the United Kingdom tax payable in respect of the dividend. The deduction of tax at the reduced rate of 20% instead of at the basic rate of 35% represents an allowance of credit at the rate of 15%.

LEGAL NOTICES

PREVENTION OF FRAUD (INVESTMENTS) ACT 1958

NOTICE IS HEREBY GIVEN that G. H. Whittome Receiver and Manager of E. S. Finance Limited of 32 Queen Anne Street, London W1, has relinquished the Principal's licence issued pursuant to Section 3 of the Act. Application to the Department of Trade, pursuant to Regulation 5 of the Prevention of Fraud (Investments) Deposit Regulation 1944 (S R & O 1944 No. 541) for the release of the funds invested in Bristol & West Building Society Deposit Account deposited in pursuance of section 4 of the Act, will be made. Any persons having a claim on the funds representing the deposit should send their names and addresses and details of their claim to the Assistant Secretary, Companies Division, Department of Trade, Sanctuary Buildings, Great Smith Street, London, S.W.1, not later than 7th July 1975.

PUBLIC NOTICES

LOCAL AUTHORITY BILLS

Issued 18th June due 17th September, 1975 at 9 [illegible]%:—

£2.5M Lincolnshire C.C. (Applications totalled £24M. £2.5M bills outstanding).

£0.35M. E. Staffordshire D.C. (Applications totalled £1.05M. £0.35M bills outstanding).

£1.25M Sandwell M.B. (Applications totalled £10.25M. £5M bills outstanding).

CORPORATION OF LONDON PROMISSORY NOTES

£5,000,000 were offered and issued on 19th June 1975 at an average rate of 9[illegible]% maturing 18th September 1975. Applications totalled £35,500,000. The total amount of Notes outstanding is £5,000,000.

THE GEORGE COHEN 600 GROUP LIMITED

NOTICE IS HEREBY GIVEN that the Transfer Books and Register of Ordinary Stockholders of the company will be CLOSED from 27th June to 30th June, both days inclusive.

By Order of the Board,
N. G. P. BOSWOOD,
Director and Secretary.

Wood Lane,
London, W12 7RL.

COMPANY NOTICES

DE BEERS CONSOLIDATED MINES LIMITED

(Incorporated in the Republic of South Africa)

NOTICE TO HOLDERS OF PREFERENCE SHARE WARRANTS TO BEARER
PAYMENT OF COUPON No. 132

With reference to the notice of declaration of dividend advertised in the Press on 21st May, 1975, the following information is published for the guidance of holders of share warrants to bearer.

The dividend of one rand (R1.00) per share was declared in South African currency. South African non-resident shareholders' tax at 15 cents per share will be deducted from the dividend payable in respect of all share warrant coupons leaving a net dividend of 85 cents per share. The dividend on bearer shares will be paid on or after 1st August, 1975 against surrender of coupon No. 132 detached from the share warrants to bearer as under:—

(a) At the offices of the following Continental paying agents by residents of the countries concerned for payment in the appropriate local currency:
Banque Rothschild, 21, rue Laffitte, Paris 9e.
Banque de Bruxelles, 2 rue de la Regence, Brussels.
Banque Lambert, 24, Avenue Marnix, Brussels 1050.
Societe Generale de Banque, Montagne du Parc 3, Brussels 1.
Credit Suisse, Paradeplatz 8, Zurich.
Union Bank of Switzerland, Bahnhofstrasse 45, Zurich.
Swiss Bank Corporation, 1 Aeschenvorstadt, Basle.
Banque Lambert-Luxembourg, 59, Boulevard Royal, Luxembourg.
In respect of coupons lodged at the office of a Continental paying agent the dividends payment will be made in South African currency to an authorised dealer in exchange in the Republic of South Africa nominated by the Continental paying agent. Instructions regarding disposal of the proceeds of the payment so made must be given to such authorised dealer by the Continental paying agent concerned.

(b) At the London Bearer Reception Office of Charter Consolidated Limited, 7, Rolls Buildings, Fetter Lane, London EC4A 1HX. Persons lodging coupons at the London Bearer Reception Office prior to 18th July, 1975 will be paid the United Kingdom currency equivalent of the rand currency value of their dividend on 22nd July, 1975. In the case of coupons lodged at the London Bearer Reception Office on or after 18th July, 1975 the dividend will, unless the depositor requests payment in rand to an address in the Republic of South Africa, be remitted to the London Bearer Reception Office through an authorised dealer in Johannesburg at the then prevailing rate of exchange and the U.K. currency proceeds arising therefrom will be paid to the depositor concerned.

Coupons must be left for at least four clear days for examination and may be presented any weekday (Saturday excepted) between the hours of 10 a.m. and 2 p.m.

United Kingdom income tax will be deducted from coupons paid in United Kingdom currency at the London Bearer Reception Office, unless such coupons are accompanied by Inland Revenue declarations. Where such deduction is made, the net amount of the dividend will be the United Kingdom currency equivalent of 65 cents per share in terms of sub paragraph (b) above arrived at as under:

	South African Currency Per Share cents
Amount of dividend declared	100
Less: South African non-resident shareholders' tax at 15%	15
	85
Less: U.K. income tax at 20% on the gross amount of the dividend of 100 cents	20
	65 cents

For and on behalf of
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED,
London Secretaries,
D. H. J. PATTISON.

London Office:
40, Holborn Viaduct, EC1P 1AJ.
19th June, 1975.

NOTE: The Company has been requested by the Commissioners of Inland Revenue to state:—

Under the double tax agreement between the United Kingdom and the Republic of South Africa, the South African non-resident shareholders' tax applicable to the dividend is allowable as a credit against the United Kingdom tax payable in respect of the dividend. The deduction of tax at the reduced rate of 20% instead of at the basic rate of 35% represents an allowance of credit at the rate of 15%.

REPUBLIC OF CHILE EXTERNAL SINKING FUND

DOLLAR BONDS OF 1948

N. M. ROTHSCHILD AND SONS LIMITED announce that they are authorised to receive for PAYMENT the Coupons No. 55 dated 30th June, 1975.

Payment in sterling will be made at the buying rate of exchange on New York current at 2 p.m. on the day of presentation.

The special listing forms can be obtained on application.

New Court,
St. Swithin's Lane,
London, EC4P 4DU.

20th June, 1975.

CORRECTED NOTICE

CITY OF BERLIN 6% (NOW 4½%) STERLING LOAN 1927

J. HENRY SCHRODER WAGG & CO. LIMITED

Bonds of £100 each:

Bonds No. 3475, 4953 and 9109 appeared incorrectly as 3575, 4063 and 9239 in the advertisement which was published on Thursday, 19th June, 1975.

The Executive's World

The regeneration of George Kent

BY CHRISTOPHER LORENZ

FEW TAKEOVERS of medium-sized British companies have been as controversial as the battle which six months ago *finally* gave the Swiss-based Brown Boveri concern a 49 per cent. stake and control of George Kent, the long-troubled instruments and process control group. For five months, the issue was seldom far from the headlines, as GEC put in a counter-bid, Brown Boveri improved its offer and Mr. Anthony Wedgwood Benn reversed his support of GEC when an unusual poll of *employee opinion* indicated the preference of most workers for *the Swiss alternative.*

Since December George Kent *has* been a "dead" issue. But Mr. Erwin Bielinski, the 48-year-old *former head* of Brown Boveri's group planning, architect of the *takeover and soon to be made* head of the Swiss multinational's *far-flung international division,* has already initiated a transformation of Kent *which is of* even more significance for Britain's industrial future than all the twists and turns of the takeover battle.

By *thoroughly* re-vamping management structures and procedures, and encouraging stricter attitudes and disciplines, he is aiming to turn Kent into a company capable of competing profitably on the international markets especially on the continent—with groups as large as the Foxboro, Honeywell and Siemens.

The tasks of Mr. Bielinksi, and Mr. John Lutyens, who has remained managing director of Kent, are far from easy. There is plenty of scope for resentment, what with the foreign takeover of a proud British company, and the vast difference in sizes (Kent is only one-thirty-third the size of Brown Boveri in sales terms, and one-seventeenth in employee terms—a revealing comparison in itself).

But current evidence is that BBC—as Brown Boveri is known abroad—is sensibly avoiding the sort of all-out assault which multinationals sometimes make when integrating a new overseas subsidiary. Mr. Lutyens claims it to be "the most understanding takeover possible."

The situation has been considerably smoothed from the start by the unusually long period of 18 months of joint study which the two sides had before the bid was announced. The experience of BBC headquarters with its German and French groups has also been beneficial; for several years it has been tightening the group organisation, and Mr. Bielinski *has been at the centre of its* managerial and structural re*organisation.* Especially significant for Kent is that BBC has *plenty of experience with* partially-owned subsidiaries: its holding in the French CEM group is only 40 per cent. and its stake in the massive Mannheim company only 56 per cent.

Everyone has had his own version of what was wrong with the old George Kent. Most obvious was its expensive takeover in 1968, with active backing from the Industrial Reorganisation Corporation, of Cambridge Instruments. Kent's scientific and medical subsidiaries were finally hived-off last December into Scientific and Medical Instruments — whose independence is now under debate — but one only needed to take a look at Kent's interim report in February, which excluded SMI, to see that *there was still plenty to be* done to the remainder of the group if mediocre productivity and poor profitability were to *be made things of the past, and* if its technical promise were to *be fully realised.*

The most obvious item in Mr. *Bielinski's cure is a rationalisa*tion of the product line. Already *initiated under Mr. Lutyens* before the takeover, the current *watchword at the Luton head*quarters could be coined as "more or less," meaning a move towards higher output of fewer products. Mr. Bielinksi's aim of achieving this without a substantial shrinkage in the size of the company (and in the labour force) means that it will inevitably take time.

GEORGE KENT: A SIX-YEAR SUMMARY

	EXCLUDING SMI*		INCLUDING SMI*				
	1974/5 First half only	1973/4	1973/4	1972/3	1971/2	1970/71	1969/70
TURNOVER	£20.4m.	£37.6m.	£44.3m.	£39.1m.	£38.2m.	£36.0m.	£37.8m.
TRADING PROFIT	£1.2m.	£1.6m.	£1.6m.	£1.4m.	£2.7m.	£2.0m.	£3.2m.
PRE-TAX PROFIT (Loss) AFTER INTEREST	£292,000	£56,000	(£104,000)	£233,000	£1.6m.	£1.1m.	£2.1m.
NET PROFIT (Loss) AFTER EXTRAORDINARY ITEMS	(£311,000)	(£406,000)	(£588,000)	£313,000	£721,000	£528,000	£1.4m.
AVG. NO. OF EMPLOYEES	6,777	6,626	7,553	7,436	7,845	8,787	11,225

* Scientific and Medical Instruments

Mr. Bielinski of Brown Boveri

The product streamlining will be partly carried out by evaluating the range. But Mr. Bielinski also underlines the role *pricing must play in removing* unprofitable products and an excessive "turnover mentality."

Kent will now benefit from the application of a principle *held by the BBC management* since about 1970: concentration *on net profit instead of trading* profit on the grounds that interest and so-called "exceptional items" (such as the cost *of moving a factory*) relate to capital costs, and that these should be considered as any other cost element. Mr. Bielinski does not accept that the salesman should not be responsible for total costs; if he does share that burden, his margins will be lower and he will therefore be less willing to cut them in order to boost unprofitable sales. "This has a very great psychological effect," he claims. At a time of high inflation, its disciplinary effect can be *considerable.*

These pricing principles were applied early this year in a series of detailed budget exer*cises, which Mr. Bielinksi says* contain stricter and clearer fin*ancial goals than in the past.* Long-term planning is also being *improved:* instead of the old five-year one, which appears to have been mainly a financial exercise, the first of a series of five-year "action plans" will be ready this autumn. But it is already clear that real growth will not start until 1977, after the current transitional period. The promise of £20m. extra exports between 1975 and 1980 which was made during the takeover battle will be upheld, say Mr. Bielinski and Mr. Lutyens. Between 1977 and 1980 Mr. Bielinski expects Kent to grow by well over a third in real terms to sales of £75m. plus, and the export ratio of U.K. manufacture to rise from the *current 40 per cent. to about 55* per cent.

To carry all this through, Mr. Bielinski has strengthened *Kent's divisional structure and* instigated a series of other *changes in management responsibility* and, to a lesser extent, *personality.* Above the managing director, whose main responsibility is now operations, has been created the post of executive chairman (currently filled by Mr. Bielinski himself), to whom report two new positions, the directors of corporate planning and marketing. Also directly reporting are the directors of finance and control, and administration and personnel. There are new management and financial committees, the latter including a controller at Baden headquarters.

Because of Mr. Bielinski's senior status within BBC, the Kent management have so far been buffered from the Continental organisation. Once he returns to Baden, and relinquishes the Executive Chairmanship at Kent (the timing of both moves is not exactly fixed as yet), the British company will have to report to his staff in Baden round a system of monthly, quarterly and annual reports.

Relationships will inevitably become more complex when BBC companies throughout the world, and especially in Europe, start to sell Kent products; this will happen when Kent decides which products to cut out of its range and presents Baden with a list of those which it wants sold abroad through BBC outlets.

Mr. Bielinski counters any *suggestion that Kent will then* become submerged in the *Brown Boveri organisation.* On the instrument side, he claims *a maximum 10 per cent.* overlap with BBC's other (much smaller) instrument interests. Of process control computers, which he considers are one of Kent's major assets, he says the overlap is very limited since BBC's Swiss computer operation has concentrated on different applications; but close co-ordination may eventually have to be made.

Kent's special position as BBC's first major diversification into process control equipment means that it does not need to get deeply embroiled in the "secondary organisation" level of BBC which co-ordinates products between constituent companies. Nor, because of its own resources, does it need to call on many of Baden's staff functions. As BBC becomes a major force in instrumentation, Luton might eventually become the centre of a "concern group" on the same basis as the Mannheim and French companies, separate from the international grouping which Mr. Bielinski will head from next year.

This possibility should please the Government, which is still a major shareholder in Brown Boveri Kent (BBK, the new holding company for George Kent). Never before has Brown Boveri shared ownership of a subsidiary with a Government in a developed country, but it seems satisfied with the experience so far. However, the £3m. of extra long-term capital which *Kent will need by early next* year—partly for capital investment — could cause problems, since public interest in an issue *may not be strong enough* to keep the major holdings down to their present level: BBC 49 per cent., Government 12 per cent., Rank 4.5 per cent. Neither BBC nor the Government may be keen to see each other's holding increase.

Well before this question is resolved, Kent will have reported its results for the year ended March 29, 1975. Once again, they may show a loss after "extraordinary" items. But Mr. Bielinski is aiming to complete the first full financial year of Brown Boveri control in proper fashion, by showing a profit even on Kent's very bottom line.

Conferences

International Tax Management, Brussels, August 20-22. This conference is designed for financial controllers, company lawyers and tax advisers and will concentrate on topics of international tax management which are of major interest to multi-national organisations. Details from Management Centre Europe, Avenue des Arts 4, 1040 Brussels.

Fundamentals of Financial Management. *Dubrovnik,* August 18-29. This two-week course is for any non-financial manager who needs an in-depth knowledge of financial matters in order to talk to bank managers, financial directors and controllers in their own terms. The subjects range from the basic principles of accounting to financial evaluations. Details from Management Centre Europe, Evenue des Arts 4, 1040 Brussels, Belgium.

CORPORATE FINANCE

Why inflation will fall

BY JOEL STERN

WHEN A COMPANY'S management identifies a favourable *change in investors' inflationary* expectations before it is readily *apparent, can reap extraordinary* savings from a lower interest *cost on debt. Now* is one of these rare opportunities.

Correctly forecasting the inflation rate is not only a game worth winning, but also a game worth playing. But since the credit market, as well as the stock market, is efficient in the sense that it is dominated by financially astute investors, winning requires a correct judgment before others become aware of the change in inflation. Most important, selecting the proper cause of inflation can determine the winner.

Fundamentally, inflation can be explained in three different ways: (1) by assuming that prices and wages are artificially administered by business and labour; (2) by adopting the Neo-Keynesian income-expenditure view; or (3) by accepting the monetarist position.

The first is an invalid assumption since it is fair to inquire why labour or management waited until 1973 and 1974 to increase wages and prices. More basic, however, is the question: where do consumers obtain the funds to pay higher prices for goods and services? The popular answer is from higher wages. But then higher wages *merely* represent a shift in wealth from shareholders to labour, the net spending funds remaining unchanged. Thus, alleged wage-induced, or the more general cost-push, inflation is only an illusion.

As for the other two points, the U.K. economic situation could provide a fundamental test of the accuracy and usefulness of the competing monetarist and neo-Keynesian theories. The monetarists, led by Professor Milton Friedman, have had a high degree of predictive success and currently predict that the rate of inflation is about to fall precipitously.

Almost all of the latest economic forecasts for the U.K. which are based on Keynesian tradition, agree that real (non-*inflationary) economic growth* in 1975 is likely to run between *1-1½ per cent., unemployment* may rise to 3½ per cent. and that *the retail price index will be in* the range of 18-22 per cent., *compared with 17 per cent. in* 1974.

*Unfortunately, this income-*expenditure forecasting ap*proach suffers from a critical* flaw of assuming prices as fixed, *while ignoring* the close link between changes in the *money supply and changes in* the price level. The record *indicates that in every country* (*except when a catastrophe has* drastically reduced potential *productive capacity*) *inflation* has been caused by an excessive *rate of growth in the* money supply. This is especi*ally true in the U.K.*

Tracing the path of actual inflation in the U.K. against the forecast path of inflation on the basis of changes in the money supply, the velocity or turnover of money and long-term real output supports this view dramatically.

The forecast inflation rate is the rate that would prevail if changes in the money supply had worked their way through the economic system instantly in the form of increased income and spending. Since the process is not instantaneous, actual prices can deviate from forecast prices. The adjustment runs about three to four years in the U.S. and the U.K.

Money supply

To take advantage of lower interest rates, management must focus on this key point. The narrowly-defined money supply M_1 (coin, currency and demand deposits) rose from 7 per cent. in 1970 to 13.3 per cent. in 1971, causing a temporary increase in the public's desired ratio of money supply-to-income. That is, velocity declined as spending rose, real economic growth was stimulated, increasing forecast prices above actual prices. *Money* income rose reducing the ratio of money-to-income until it matched the public's desired level. Simultaneously, velocity increased to its long-term trend level. The overall result in 1973 was to bring into balance actual and forecast prices.

In 1974, the Bank of England sharply reduced money supply growth, repeating the process in reverse. The ratio of money supply-to-income fell below the *public's preference,* resulting in an increase in saving and exacerbating the increase in velocity. Velocity remains high now. *Real economic growth declined,* but prices continued to rise well *above forecast prices.*

This gap is going to narrow *later this year, whereas Keynes*ian forecasters assume that the gap will *continue to increase.* The popular forecasts can be correct only if velocity rises dramatically or M_1 accelerates sharply, neither of which is likely. Furthermore, substantial grow in M_1 would not influence inflation in 1975. Its effect would not be seen until 1976.

Thus, there will not be enough money *in circulation turn*ing over fast enough to increase *the forecast price level to a* rate of 18-22 per cent. Rather, *money income growth and the inflation rate will decline by the* third quarter, and by year-end *the monthly inflation rate* should be running at an annual *rate of 12-14 per cent.* Real economic growth should begin *to rise to almost 3 per cent. in* the second half of 1975 or early *1976 as a result of the money* supply growth in 1974 and 1975.

The conclusion is that interest rates are about to decline. The *Government Consol rate already* is at 14.6 per cent. Prudent *financial managers should* expect lower interest rates and, thus, an opportunity to begin financing corporate growth with long-term debt before the year-end.

The author is a vice-president of The Chase Manhattan Bank.

New publications

The interview in staff appraisal by W. E. Beveridge, George Allen and Unwin, £2.75

THE TRAUMAS that managers undergo when hiring staff are probably worse, by a short head, than those incurred when firing staff. Although the latter is more likely to be happening in *present economic circumstances* it will still be useful for the *manager to have a little gentle* help on the positive side.

The affairs of Polonious, a balanced account by Stephen Sims, Gee & Co., £2.50

DOUBLE entry book keeping is destined to remain a mystery to many people for all their corporate lives. In this slight, illustrated, almost *one syllable book, the author* attempts to gently lead the *novice through the mysteries.* Some might quibble that the *explanations are a little too* slight. But nevertheless the book is an ideal birthday/Christmas present for the junior accountant or the chairman's adolescent son.

Venture Management: *the business of the inventor, entrepreneur, venture capitalist,* and established company by *William H. Shames, Collier* Macmillan, £5.50

THIS BOOK, with its comprehensive title, has been written by a practising venture capitalist. The author, with a few associates, has set up a venture management company *and parts of the book are based* on the lessons he has learnt. It *is an extremely detailed book,* covering virtually any aspect of *the problem of turning a new* idea into a business. While *those who read it before propos*ing to start a new business will *probably never do so, the busi*nessman with an infant *company may find some help in* its 280 pages.

How to start your own business edited by William D. Putt, The MIT Press, £5.00

THIS BOOK is the offspring of a series of seminars or work*shops put on by MIT trained* entrepreneurs and others for *recent MIT alumni who were* interested in starting their own *businesses. Each of the 15* chapters deals with an aspect of *the problem of setting up your* own business: the financial considerations, the financial proposal and sources of financing.

THE FINANCIAL TIMES

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FRIDAY, JUNE 20, 1975

Inflation and unemployment

THE RISE in unemployment goes steadily on. The seasonally-adjusted increase in the month to early-June amounted to 47,000, *slightly less than in the* previous month but well above the average increase over the preceding quarter. It is noteworthy that nearly one-third of this increase in unemployment during May/June has taken place in the South East, a region in which the proportionate level of unemployment is usually low and still amounts to only 2.6 per cent. of the registered labour force against 3.8 per cent. for Great Britain as a whole. While the level of unemployment has continued to rise, moreover, the number of registered but unfilled vacancies has continued to drop.

This trend is in no way unexpected. It was forecast by the Chancellor in his Budget statement and is moving upwards rather more slowly than might have been supposed. The only feature of the situation which is unusual by past standards is that the Government is not actively intervening to counter the trend by stimulating demand. It is not doing so because this would tend to aggravate a rate of inflation which is already alarmingly high and to reverse the progress that has been made in improving the balance of payments.

Bank attitude

Two reflections on the present state of the labour market were published yesterday with the unemployment figures. The first was contained in the Bank of England's quarterly *Bulletin,* which includes an unusually frank appraisal of the current economic situation. It gives various reasons, which hardly need to be repeated, for believing that inflation in this country has reached a critical stage and that getting it under control is now the most urgent task of economic policy. There are some reasons, it suggests, for hoping that the pace of inflation can be slowed down in the autumn, but this will also require a deceleration instead of the present acceleration in the rate of wage claims.

Other countries, the Bank points out, have already achieved greater success than Britain in slowing down price rises, usually by deflating demand. If the same methods were to be adopted here, it suggests, "there can be no doubt that it would involve much greater unemployment than now existing or probable, and that this phase would have to be prolonged." *As an alternative, it comes back* to stricter wage restraint, either voluntary or Government-imposed. But even this carries the rider that the disadvantages would be so great as not to be worthwhile unless the expected decrease in the rate of inflation was considerable, and the Bank remains unambiguously firm on the need to relax the administration of price controls on industry and to make significant and continuing cuts—with the help of cash ceilings or by similar means—in the volume of public expenditure.

Expectations

The present outlook for acceptance of voluntary wage restraint is not promising and cuts in public expenditure are therefore the more necessary. The rise in unemployment may conceivably alter the attitude of trade union members, but it would be foolish to suppose that there is any fixed or predictable relation between the level of unemployment and the pace at which earnings rise. The more sophisticated version of this theory put forward by Professor Milton Friedman and published yesterday by the Institute of Economic Affairs seeks to take into account expectations about the future course of inflation and implies that there is more hope of curing inflation quickly by having a large amount of unemployment for a relatively short period of time, rather than a more moderate amount for a longer time.

But there can be no certainty about the precise amounts or lengths of time involved, nor about the point at which purely economic calculations are overtaken by political events. Professor Laidler, who adds a section to the IEA paper relating Professor Friedman's ideas to current U.K. experience, suggests that after our recent earthquake of expectations we might need to keep the unemployment rate at over 1m. for five years to reduce inflation to an annual rate of 5 per cent. by 1980. He, as most people will, regards that prospect as unacceptable. The sooner the climate of expectation is changed, however, the easier it will be to reach a tolerable compromise.

Another test of credibility

YESTERDAY'S meeting with the management of Norton Villiers Triumph provided the new Secretary of Industry, Mr. Eric Varley, with his first insight into what is perhaps the most awkward and embarrassing of the problems bequeathed to him by his predecessor. The troubles of NVT, the company created by the Conservative Government to rescue the British motor cycle industry, have reached a point where a choice has to be made between two unpleasant alternatives. One is to plough even more taxpayers' money into the business, on top of the large sums that have already been spent or promised, in the hope that the three-factory operation (NVT's two plants plus the Meriden co-operative) can eventually be made viable. The other is to contract and even to close down parts of the business, leading inevitably to an explosion of anger from whichever factory is affected.

The whole affair is a classic study in how Government intervention can go wrong. In 1973 the Conservative Government used the machinery of their Industry Act to effect an IRC-type merger between the Norton Villiers motor-cycle interests of Manganese Bronze and those of the bankrupt BSA: the hope was that, with the aid of £4.8m. of public money, the Manganese Bronze management could make a success of the merger company.

The first setback was the refusal of the Meriden workers to accept the management's decision to close down their plant: after a hiatus of more than a year the Meriden co-operative was formed, with £4.9m. of public money, to manufacture Triumph machines under contract for NVT. The management of NVT consistently argued that, if it was forced to operate with three factories instead of two, it would need another £15m. of Government support; after inflation the figure may now be twice as high. Whether these amounts are needed or not, it is undeniable that the long delay over Meriden inflicted serious damage on NVT. Now, with the collapse of the U.S. market which had absorbed the bulk of production, the future of the company must be in doubt.

The trade unions have been pressing for full public ownership and Mr. Denis Poore, chairman of NVT, said earlier this week that he saw no alternative to nationalisation. In a sense this is logical. Having decided, first, to prop up the motor-cycle industry on national-interest grounds and then to support, on social and political grounds, the formation of a co-operative within the industry, the Government may feel itself under an obligation to see the job through to the end—at whatever cost to the taxpayer. But there is an alternative. It is to recognise that this particular experiment in intervention has failed and that the taxpayer's commitment should go no further.

It is right that every effort should be made to establish a viable motor-cycle business within the limits set by the Government funds which have already been made available—and whatever can be raised from commercial sources. This will inevitably mean slimming down the operation and reducing employment. But in the present economic climate there must be a limit to the amounts of money the Government can spend on preserving existing jobs. The NVT affair is no doubt small beer compared to the issues raised by the railway dispute, but it, too, is a test of the Government's credibility.

Public expenditure: Can it be cut? If so, where and how? In the first of a series of articles examining the scope for cuts in government spending, *Anthony Harris* sets out the background

Candidates for a crash course in cash discipline

THAT public expenditure is out of control is perhaps the most *often-repeated* statement about our economic problems: it is certainly the one which attracts most attention in the City, which has to find the money to finance the enormous gap—more than a tenth of national income—between the Government's revenues and its planned expenditure. It is an open secret that Whitehall is now in the middle of its annual exercise of planning public expenditure, and is finding it painful. While decisions are some way off, and details are hard to come by, there is no doubt about the purpose. "All the options," an official put it to me, "are negative."

At first sight, this is a familiar melodrama with a familiar theme that the *real* burden of public spending is more than the economy can carry, and the resulting strain is the cause of the present inflation. This is what we have been taught by many past Chancellors wielding previous axes, and the mind readily reverts to the familiar.

A second glance, however, reveals something wrong. For if there is one thing clear about our economy at present, it is that it is not working at the limit of its physical resources. Production is falling, unemployment—on a seasonally adjusted basis—is rising rapidly past its 1971-72 peak, and even the balance of payments is improving dramatically.

It seems clear, then, that it is not immediate pressure on resources which is causing the strain. The Bank of England Bulletin makes the point to-day indirectly: it is the planned future growth of public demand on resources, in a generally sluggish economy, which looks excessive (and is indeed the main subject of the review now going on in Whitehall). The more immediate worry is "to prevent unbudgeted increases in spending."

Separate meanings

The statement that public spending is out of control has four quite separate meanings. First, it can mean that the future growth of public demand is rising uncontrollably. This can result from any open-ended commitment — to stabilise nationalised industry prices regardless of costs, to protect employment in industries where demand may collapse, even to provide fixed standards of welfare benefits for an unknown number of claimants. The attack which the Chancellor has already announced on nationalised industry subsidies, and the phasing out of the rent freeze and food subsidies, are designed to reduce such risks, but cannot eliminate them.

The second meaning is that public sector *costs* are out of control: and since public expen*diture has always been planned* in real terms—miles of roads, numbers of school places, and more recently the real value of pensions and welfare payments —this can produce large unbudgeted increases in expenditure on programmes which are themselves unchanged. Indeed, if plans are made solely in real terms, there is not even the pretence of a control on costs.

Given aggressive wage-claims in the public sector—and equally generous pay awards to the possibly less militant white-collar public servants—there was in fact a very large rise last year in the relative costs of public services. While inflation raised both revenues and expenditures in Government, expenditures rose faster. The Chancellor and many commentators have therefore expressed a strong interest in replacing volume controls with cash ceilings on expenditure.

This is in some ways a promising approach, but it is not a new one. The University Grants Committee and the Regional Hospital Boards have long worked to cash budgets (though these do not cover medical and academic salaries): but such budgets have inevitably been subject to revision when costs rose, and so cost discipline has not been as strict as the system would imply. But it is still a discipline: when local authority capital building projects were transferred to a cash rather than a project approval basis, the very fast relative increase in construction contract prices stopped very suddenly—so suddenly that at least one major contractor has been driven rather suddenly into the arms of the Department of Industry for support.

What a cash discipline does, *is to enforce* clear choices on the Government. What is an acceptable cost—in terms of lower standards or bankruptcies or strikes—of a real effort to check the rise in costs? That is the central dilemma in every effort to check inflation. It must be remembered, however, that such disciplines are much easier to apply to capital projects than to continuing activities—on £8.8bn. of a £42bn. total in 1974/75.

Policies ignored

The third intepretation of "out of control" lies in the widespread belief (which appears to be shared in the Bank of England) that official policies are simply ignored by those responsible for carrying them out. This belief is certainly encouraged by the enormous difference, year after year, between the expenditure announced for the coming year in a White Paper, and the outturn estimated in the White Paper for the following year—not to mention the further increases between those mid-year estimates and the final true figures. A favourite example is the year just ended. This was to bear the main brunt of the spending cuts announced by Mr. Barber in December 1973, and the total should have been £1.3bn. less than the figure previously planned. In the outturn, the cut turned into a £2.8bn. increase in volume terms. This looks out of control, so it is interesting to see what actually happened.

The Barber cuts were slightly modified by subsequent decisions of the Heath government, leaving cuts of £1.2bn. Then came the first Labour Budget of March 1974, which raised spending by just under £1bn.—half for food subsidies, the rest for higher pensions, rent subsidies and municipalisation. Later policy changes introduced by spending ministers—mainly helping industry and farmers—increased the total by another £830m., so that in the end policy changes accounted for a rise of £600m. instead of a cut of £1.3bn.

Unbudgeted changes did the big damage: £1bn. on housing (at that stage an open-ended muncipalisation programme and a rapid growth in rate support and rent subsidies), £400m. for trade and industry, and a rise of £500m. above the estimated cost of debt service (higher interest rates for the planned as well as the unplanned borrowing). In real terms, a swing of more than £4bn. between one year's estimates and the outturn, and a rise of £5.3bn., or more than 14 per cent., between the Barber cuts and the end of the year was mainly the result of planned policy changes (£1.8bn.), open-ended commitments and rising interest rates. Ministers rather than executants were out of control.

The story so far suggests that if Ministers are really being brought to heel in the present review, and some extension of cash disciplines (combined with rising unemployment) keeps relative costs in line, the situation will improve dramatically. However, there are two large reservations to be made. First, a great weight of the volume of public expenditure remains in programmes which cannot be changed without fundamental policy decisions—about the school-leaving age, or the real value of pensions, for example. Second, to control *expenditure* does not necessarily control the *deficit* which so burdens and alarms the financial markets: falling revenue due to recession, or the perverse effects of inflation, might swamp the best disciplines.

The main table outlines the volume problem. By far the biggest single items are social security, one seventh of the total, education (a tenth of the total, when grants are included), health and defence. The first three are to a large extent functions of the size, age and health of the population, and significant cuts might be very painful. Defence policy is a matter of acute controversy (and now, incidentally, promises a large spin-off in exports).

A very heavy part of the burden of any real cuts will inevitably fall on capital expenditure: but even if all capital expenditure — apart from the industrial investment of the nationalised industries — were stopped altogether, a large public sector deficit would remain. The Government has a *current* deficit of £2.1bn. in the last Budget statement.

WHERE THE PUBLIC MONEY GOES

	Public Expenditure on Goods and Services Investment and Consumption		Public Transfer Payments Grants, Subsidies, Loans, Interest	
	1974-75 £m.	1978-79 £m.	1974-75 £m.	1978-79 £m.
Defence and external relations:				
1. Defence	3.520	3,805	18	22
2. Overseas services	171	174	594	690
Commerce and industry:				
3. Agriculture, fisheries and forestry	100	116	1,175	598
4. Trade, industry and employment	436	389	1,972	971
Nationalised industries:				
5. Nationalised industries' capital expenditure	2,075	2,499	37	—1
Environmental services:				
6. Roads and transport	1,236	1,299	491	515
7. Housing	1,712	1,481	1,904	2,196
8. Other environmental services	1,384	1,370	37	41
9. Law, order and protective services	1,340	1,202	15	19
Social services:				
10. Education, libraries, science and arts	3,564	5,907	943	1,088
11. Health and personal social services	3,829	4,258	31	38
12. Social security	275	272	6,568	7,558
Other services:				
13. Other public services	476	470	28	21
14. Common services	494	636	—	—
15. Northern Ireland	535	593	454	440
Total	20,647	22,571	14,317	14,296
Debt interest			3,800	3,400
Source: Jan. '75 Public Expenditure White Paper. All figs. at 1974 survey prices.			18,117	17,696

Economic benefit

Inflation and recession can both enlarge the underlying deficit, through relative costs and falling revenues. This is the fourth sense of "out of control." The extent to which inflation now imposes "negative fiscal drag" on the whole financial system—that is, raises public expenditure faster than revenue —is unknown. The more alarming estimates made in the City are waved aside in Whitehall, but no one seems to pretend that there is any positive contribution left from a progressive tax system, which in more normal times tended to close the gap when inflation accelerated. At best the system is about neutral to inflation, and the deficit grows at about the same rate as other money sums. Recession certainly widens the gap — and so far as cuts in spending deepen the recession and create further unemployment, they reduce revenue as well as expenditure. As much as a third of any cut may be self-cancelling in this way.

Three conclusions suggest themselves. First, tighter control of costs will be far more beneficial than cuts in the public demand on resources at this point in the cycle: indeed, some claims—for productive investment and industrial retraining, for example, can be allowed to rise where there is a clear economic benefit to be gained, and the finance is manageable. Second, the deficit is so large in proportion to spending that if it is to be reduced sharply, higher taxes or charges will certainly play a part. Third, the judgment of how much it is wise to borrow remains largely a financial one.

It is in fact the financial markets rather than the real economy which are now under dangerous strain. At the best of times, the market in Government debt is perverse: buyers are most eager when Government finances are in least need of support. (Companies suffer the same problem.) Even spending which involves no use of resources (and is therefore left out of White Papers) such as issuing Government stock on nationalisations strains the financial markets as much as other official borrowing.

Since in a depressed economy companies and private people cut their spending and pile up money, the funds are there for the Government to borrow (the improving balance of payments underlines this truth): but for the control of the money supply to-day, and the control of demand and inflation in future years, the only safe borrowing the Government can do is long-term borrowing. What is abundantly clear at the moment is that although the gilts market remains one in which the Government can sell stock, it is becoming increasingly nervous and sullen: and that effective action to reduce the Government's deficit, even quite modestly, will make it a great deal easier to fund the rest, as is appropriate in a recession. It is here, in the gilts market, that judgment on Mr. Healey's measures will finally be delivered.

WHAT HAPPENED TO 1974/5 EXPENDITURE

(Changes between 1974 and 1975 White Papers: £m., at 1974 Survey prices)

POLICY CHANGES	
Barber cuts	—1,363
Other Heath changes	+168
March 1974:—	
Pension and subsidies	+831
Municipalisation	+240
Defence, Maplin, etc.	—64
Later changes (mainly farming & industry)	+830
TOTAL POLICY CHANGES	+600
Debt interest	+507
Housing (rent freeze, etc.)	+1,003
Trade and industry	+421
All other	+266
TOTAL CHANGES	+2,197

MEN AND MATTERS

Brushing off the Lobby

When Prime Ministers start talking about open government it is time to get suspicious. That is the cynical line to take about the ending by the PM's Press Secretary of his daily briefings to the Lobby, and, since this is a journalistic matter, you may rest assured that this is the line most of the scribes concerned will take.

The Lobby system means that newspaper editors can apply to name one correspondent, with alternates, to be allowed access by the Sergeant at Arms to the Members' Lobby immediately by the Commons' chamber; also to Annie's Bar. The point of the arrangement is that the journalists concerned are trusted to stick to the ground rules of relaying information as on or off the record, attributable or unattributable. This gives rise to all those "sources close to," "spokesmen" and "it is thought that" phrases. They may look silly, but the defenders of the system argue that it has its uses.

It is also open to much abuse and, from the letter Mr. Wilson's Press Secretary Joe Haines sent to announce the cancelling of daily off-the-record talks, No. 10 clearly feels it is the journalists who have been abusing it lately. Relations with the Prime Minister have been getting frostier for years—as a body the Lobby has not seen him at all since re-elected in February last year—and the final irritation, though Haines does not specify it, must have been Tory Whips recently finding out, within an hour, about some Lobby guidance concerning a steel debate.

Haines, whose £12,000 a year job gives him command of another six information officers, has mirrored Mr. Wilson's feeling that the Lobby was not getting the Government's line across. Though personally helpful, his answers in briefing sessions have been progressively less use. Even so, his argument that government has become too complicated for the single spokesman channel, and that

"You can quote me on that!"

journalists should go direct to the individual ministries, will appeal to many who have sat through lobby briefings.

What Lobby men laughed about yesterday was the Haines lecture, contained in his letter, that anyway "no journalist should rely on a single source for his information," since they claimed no one had printed a Haines story, unchecked, for years. And Haines himself, when in the Lobby for the old Daily Herald, had been a persistent, witty and sarcastic doubter of Mr. Wilson's previous Press Secretary.

Un-stable lads

To say that "les lads" have won in a canter would be an overstatement, but the grievances of the stable lads who brought French racing to a standstill have been met after a surprisingly rapid cave-in on the part of the trainers. A 15-hour negotiation ended yesterday with all their demands met, including the re-instatement of the five ringleaders of the invasion of Chantilly racecourse which provoked the walk out. In five days the French lads had managed more disruption than their British equivalents have in two months.

I'm not sure what this proves. But the French did win the Ascot Gold Cup yesterday as well.

APEX v ASTMS

In the main, trade unions make "very good" employers when it comes to pay and conditions, declares the Association of Professional, Executive, Clerical and Computer Staff (APEX), the one to which most union employees, and also Labour and Liberal party workers belong.

The peace is disturbed by the occasional rumpus, though there has been quiet on the pay front now since late last year when APEX members were among those striking at the South London headquarters of the Engineering Workers. At one stage Hugh Scanlon asked for police help to allow non-striking staff to cross picket lines. APEX says that about the same time there was a much less publicised dispute with Dan McGarvey's Boilermakers' Union in the North East.

The latest problem is intriguing if only for the very secretive way both sides are handling it. With the wicked employers represented this time by that most publicity conscious union, Clive Jenkins's ASTMS, this has its funny side.

The facts seem to be that 90 APEX members employed at the ASTMS headquarters in London stopped work for a day earlier this week to protest against the alleged "victimisation" of a woman committee clerk. She had been formally warned for being absent from her office when, APEX claims, she was in fact there and working. Work has been resumed while the two unions started talks, but the disagreement continues because ASTMS apparently refuses to officially rescind the warning which has been entered in the woman's record.

The grievance procedure has been exhausted, and APEX is now writing to Jenkins asking him to act. Meanwhile work is continuing as usual.

One trusts the settlement will be a model, even if unpublicised one, leaving APEX free to contend with more obvious problems like its recruitment gap among the Conservative party workers. "We haven't broken through there yet but I don't see why we shouldn't," is the official line.

Comeback

A tribe of aborigines beat powdered boomerang into emu eggs to test its rumoured power as an aphrodisiac. They got a foul-tasting giant omelette they couldn't throw away.

Observer

POLITICS TO-DAY

BY DAVID WATT

Behind those calls for electoral reform

ONE OF the most remarkable *political* phenomena of recent times has been the discovery that electoral *reform is the* sovereign cure for our discontents. Even three months ago the subject was more or less the exclusive province of the Liberal Party (which has the biggest vested interest in it) of the academic fraternity, and of enthusiasts like the indefatigable Miss Enid Lakeman of the Electoral Reform Society. *Now the cry is* on everybody's lips. The newspaper leader writers *thunder it forth*, the House of Lords debates it, the letter columns of the papers bulge with it, and Sir Brandon Rhys-Williams actually introduces a Bill in Parliament to put it into effect. The Government itself will shortly announce the setting up of a *Speaker's Conference:* and in this climate it is inconceivable that the desirability of moving *to some form of proportional* representation will be excluded from its terms of reference.

Good sense

This sudden enthusiasm for radical constitutional change on *the part of educated opinion* is very interesting, quite apart from the merits of the argument. After all, the middle class has not been notable in the past century for open-mindedness towards far-reaching innovation in this field (or indeed any other). Until 18 months ago it had been axiomatic for as long as anyone can remember that the British *constitution was the finest* in the world because it tended to produce strong, *stable governments*. The electors were presented with a clear-cut choice between two party programmes and teams of potential ministers, and proceeded by some innate good sense to choose in a way that it was very difficult *for the historians to quarrel* with.

An occasional criticism was heard, it is true. The Left, together *with radically-minded* commentators and dons, complained vigorously that the whole system tended to favour the timid mediocrity of the centre. Both the main parties were obliged to struggle for the votes of the centre and the result was a mish-mash of consensus policies, *indistinguishable in either party, from which the word* "Butskellism" was coined to describe. Such impious thoughts were brushed aside by the conventional wisdom that a certain amount of ennui was a small price to pay for stability.

Another critique—the stock in trade of the Liberal Party *and a few "pedantic" political scientists* in the universities—was that the system was "unfair." But this received even shorter shrift. "Fair?" exclaimed the pundits. "Whoever expected the system to be fair? What is fairness in comparison with stability? You may *naively suppose that the object* of an election is to produce a House of Commons representative of all shades of opinion in the country in due proportion, but nothing could be more chimerical and dangerous. What we need is a House of Commons which will support a Govern*ment for five years.*"

Even allowing for the touch *of caricature I have imported* into this defence of the existing *system, I find* the present abrupt reversal of position by the political élite a bit odd. For what, after all, are the defects of the old set-up now supposed to be? The "fairness" point is no more nor less valid than it ever was and I do not believe that it seriously worries the average elector, still less most *of the people who are putting it* forward as an argument—or, at *any rate, it would not if other* factors had not changed. Ah, say the critics, but that is exactly what has happened. It was all very well to trade fairness in return for stability, but if the old system can no longer offer stability in practice, why should we sacrifice fairness?

The answer to this question depends very much on what you mean by "stability." If, as sometimes appears to be the *case, the critics mean "strong* government of acknowledged legitimacy and reasonable duration," then it does not seem that the present arrangements can be seriously faulted on the basis of recent experience. Mr. Edward Heath's *administration* won a victory of modest proportions, but it was accepted by the country as a valid victory, and the Government would have survived its full term except for an act of folly. It seems unlikely that any other government elected under any conceivable system would have had the authority to beat the miners in *the autumn of 1973-74*. By the same token, Mr. Harold Wilson's Government with an even smaller majority (and up to last autumn no majority at all) was accepted as the legitimate Government of the country, and, whether one likes its policies or not, has had no more *nor less authority to govern* than governments produced by *a different electoral system* would have.

On the other hand, "stability" is more often interpreted at present in a very different and rather Pickwickian sense. Under *this definition it means* "continuity of consensus policies from one administration to the next." The system no longer appears to produce "Butskellism": the scramble for the centre has ceased; and both the major parties are in the hands of "extremists" between whom *we are doomed to shuttle*, unless we take drastic steps, until the end of time or the coming of revolution.

The Speaker, Mr. Selwyn Lloyd: it is inconceivable that the desirability of proportional representation will be excluded *from the terms of reference of the forthcoming Speaker's* Conference.

This is clearly the nub of the matter, for there is an obvious plausibility about the thesis. But even here the argument *needs far more cautious handling* than it normally receives. It is not true that the scramble for the centre has entirely ceased. Both Mr. Heath and Mr. Wilson, having, admittedly, started off with distinctly un-*Butskellite policies, were forced* by the pressure of events, and *the need to retain some political* popularity, into a more centrist position. It is perfectly fair to argue that it took each of them far too long and that the national interest suffered during their period of conversion, but we have in fact now reached a point at which the central policies of Labour begin to bear *some resemblance to moderate* Conservative opinion. And, *while it is too early to say how* Conservative policies will evolve under Mrs. Margaret Thatcher, I am prepared to lay modest odds that the tug of the centre will eventually cause her to cold-shoulder Sir Keith Joseph and the monetarists politely and to adopt policies of which the late Iain Macleod and even Lord Boyle of Handsworth *could approve.*

The truth is that when all the *cant and spurious symmetry of* the argument is removed, the main impetus for electoral reform can be seen as not much more than a fear of the left-wing of the Labour Party and the trades unions. This is certainly a *justifiable fear* under present circumstances and it *constitutes a genuine, perhaps* even a conclusive, argument for changing to a voting system essentially designed to break up the Labour Party as it now exists. Personally, I am not quite convinced of this though I may yet be. But I wish that those who advance the proposi*tion would acknowledge their* real aims more frankly and then weigh the possible advantages against the possible dangers in a more realistic fashion.

A vast number of different schemes has been canvassed in the Press, but the fundamental effect of nearly all of them *would be to produce a larger* number of viable parties, which would form themselves into coalitions of varying complexion according to balance and circumstance. It seems to be almost universally assumed that the most probable outcome, after a period of adjustment, would be a coalition including the *Jenkinsite* wing of the Labour Party, the Liberals, and *possibly some anti-Thatcherite* Conservatives. I am not sure *that this is in fact the most* plausible scenario, for the comparisons with the Federal Republic of Germany which are constantly trotted out are not necessarily valid. But if one assumes for the sake of argument that some centre coalition is devised, what are the gains? Certainly, a good measure of the existing political *talent of the country would be* gathered under this umbrella. *Policies would presumably be* orthodox in economic terms and mildly progressive in social ones. There would be no "mandate" but the Government would have the authority conferred by the support of a majority of the votes cast at the previous election.

Structure

On the other hand, the country's problems would not have disappeared. The agonising questions of industrial and social structure would still have to be resolved. The framework of the trade unions and their *basic attitudes would be* untouched. Is there any reason to suppose that an orthodox, middle-of-the-road government composed of the old familiar faces in a new pattern—and presumably without left-wing representation—would find it any easier to deal with Mr. *Hugh Scanlon than the present* one? Perhaps the answer is "yes." because of a new access of self-confidence, or the support of the public (though this has always been rather a broken reed in the past in dealing with the trade unions).

But there is a debit side to be considered as well—there *always is when established* political structures are deliber*ately uprooted. The present* political parties may be dying on their feet by slow degrees. The Labour Party may be "in pawn" to its paymasters. But the present parties still represent to most people in the country the focus of their political interest. People may talk about "arid party bickering" and "party gain," but the same people still find the parties they know the best reason for *coming out to vote and the best* reason, indeed, for taking any active political interest at all. Turnout in general elections has tended to drop in the last 20 years, but can we be sure or even confident that a proportional electoral system associated with new parties for *whom the vast masses of the* population could feel little initial loyalty would reverse the trend?

There is a lot to be said for letting political institutions evolve at their own pace. The Labour Party may well break up of its own accord, and hastening its demise by artificial means may not be the *best way of insuring that some*thing viable and representative takes its place. I do not feel dogmatic about all this, merely uneasy at proposals which even a Speaker's Conference can find it hard to judge in perspective. If, until quite recently, our constitutional arrangements *were not only satisfactory* but much admired, there seems a *fair chance that what has gone* wrong goes deeper than those arrangements: and if that is so, we should be wary lest we are attacking the symptom as an irrelevant substitute for tackling the disease.

Letters to the Editor

Quick solution to inflation

From Mr. Andrew Ross.

Sir,—There can now be little doubt that *inflation is not only* the over-riding threat to Britain's *survival* as a viable state but that this is at long last recognised by the vast majority of the population. This being so Government, trade unions, and all the other power and *pressure groups* should now talk about and work towards reversing inflation. And it can be done quickly and effectively. How? By reducing *all* salaries and wages from a given date but in such a way that take-home pay does not suffer, that is by simultaneously reducing individuals' income tax to compensate.

This is nowhere as drastic as it may at first sight appear because a reduction in gross salaries and wages (and potentially prices) would reduce not only the operating costs of industry and commerce but also, in equal measure, the operating *costs of central and local government* and all state enterprises dependent on state subventions.

A 10 per cent. reduction in the gross salary of a man earning £4,000 p.a., without a compensating income tax adjust*ment, would mean a reduction* in his net pay of £260 p.a. (£400 less £140 tax at 35 per cent.). Thus his income tax would have to be reduced by £260 on his (*now*) gross salary of £3,600 p.a., by means of freeing £743 from the standard rate of income tax —to leave his take-home pay unchanged.

Net income

A man earning £20,000 p.a. and paying income tax at the *top rate* of 83 per cent. would lose £340 net if his gross salary were reduced to £18,000 p.a., and would need only £460 freed of income tax to preserve his net *income*.

At the other end of the scale, those whose income tax is less than 10 per cent. of their gross pay would need to have their pay reduced by such a (*smaller*) percentage as would leave their take-home pay unchanged.

Under PAYE these adjustments could quite simply be made by relating personal allowances to gross pay, on a sliding scale so that, as my examples illustrate, the higher paid would have their personal allowances increased by less than the lower paid.

People deriving their income from fees would be required to reduce their fees by a "10 per cent. counter-inflation reduction" for a period of one year, *with consequential adjustments* to their income tax liability in due course.

Dividends and other payments constituting unearned income would also be subjected to the "10 per cent. counter-inflation reduction," with appropriate adjustments to their recipients' income tax liability.

A 10 per cent. reduction in the wages and salaries bill would transform the cash position and working capital requirements of industry and commerce, not forgetting the national industries and public utilities.

Even with the existing price-control mechanism, price reductions rather than increases would naturally follow. In any event a *complete prices freeze could be* imposed immediately.

Where this very substantial reduction in costs would result in increased profits, what was not taken up by additional investment would be subject to *corporate taxation, further* lessening the effect on the Exchequer of the reduced revenue from income tax. Any shortfall would be balanced by cuts in public expenditure, should they still be necessary.

Internally, such an all-round percentage reduction in gross pay would not disturb existing differentials and relativities—traditionally measured in gross pay terms.

My proposal would not be easy *to put over at first*, but would it be any more difficult to explain and justify than, say, an increase in taxation which does nothing to reduce costs and prices and thus *leads*, through reduced demand, to unemployment?

Andrew Ross.
8, Watery Lane, S.W.20.

Quality of life

From Mr. T. E. Simms.

Sir, — You have published several letters pointing out the anomalies in Mr. James Ensor's article (June 10) comparing productivity in our State industries with what is achieved in other *EEC countries. Some of these anomalies* arise from the problem of comparing unlike quantities, since industries are operated in different ways in the different *countries. In these cases* "added value per capita" would be a better basis of comparison—it is also a useful indicator when comparing different activities and, of course, it is important because the wages of each of the "capita" come out of this. Mr. Ensor, indeed, admits that his comparisons are crude. Even so, taken across the board they spell out a very clear message.

If anyone is doubtful about the interpretation which can be put on the figures he quotes, there is one figure which surely *reflects* comparative national performances, namely GNP per capita. On this criterion we are next to Italy, which is bottom of the EEC league table. More important, our growth in GNP per capita *is lower than that of all* other EEC countries, and indeed, most industrialised countries of the world. Right now, the growth appears to be negative.

There has been and will continue to be much argument about the reasons for this. Overmanning is only one. Capital investment is obviously another factor, but it would be no solution simply to re-direct investment into industry—it would in many cases be throwing in good money after bad—unless and until we can achieve better understanding *and attitudes in those industries*. This includes the acceptance of redundancies and re-deployment. In this the present government has been less than helpful at a time when it should be doing all it can to help everyone understand what is at stake.

There is one other important factor in all this: whether we are enjoying or going to enjoy a "better life" than our competitor *countries when measured in* terms other than simple material wealth. All nations have options as to whether to go for growth in prosperity and material things or "quality of life." *Maybe this* country of ours has opted for the latter, but subconsciously, rather than as a result of a conscious decision to do so.

T. E. Simms.
49, Heaton Grove, Bradford, 9.

Union recognition

From the chairman, Mecca.

Sir,—I refer to your article (June 18) in which you refer to Mecca and myself. You say: "Although Mecca does not recognise trade unions, etc.," and you then go on to say that the two with most ambition to represent *Mecca staff are the Transport and* General Workers and the General and Municipal Workers. You are wrong on both counts. Mecca does recognise trade unions and has had an agreement with the Musicians Union for over 25 years. I personally chair the employers' side of the negotiations.

The two unions you mention are not the two with most ambition to represent our people. The union which represents the major part of our industry is NATTKE. If our people wish to join trade unions, they are free to do so, and many of them are in unions. But in the main, employers prefer the protection of own Staff Charter and do not feel disposed to have to engage in politics, which, alas, is what most trade unions are about to-day. We also have an Executive Charter which covers management.

I would be obliged if you would correct the statement about our not recognising trade unions. We recognise them all right, and have an agreement with one. We also have a big printing factory *with 300 employees*, where again, we have agreement with unions.

Eric D. Morley.
76, Southwark Street, London, S.E.1.

The Pensions Bill

From Mr. R. B. Colbran.

Sir,—It is not widely realised how closely the new scheme set out in the Social Security Pensions Bill *resembles* the Crossman plan which was discarded in 1970. A change in presentation and a few extra benefits have given the appearance of a new approach but the basic benefit structure and funding principles are virtually unaltered. The Government no doubt found, when Mrs. Castle hastily cancelled the Conservative plan, that a revamp of an earlier package was the quickest way to fill the gap.

The Crossman plan was strongly criticised in your columns and elsewhere in 1969. Your *correspondents* (June 9 and 11) made some of the same criticisms of the current scheme: it sets up vast index-linked obligations to be met out of future economic growth: *it is* likely to prevent help being *given* to to-day's pensioners. Moreover it is immensely complex and will not be understood by the general public.

The contracting-out terms for *occupational schemes are very* different under the new scheme from those offered in 1969. The administrative burdens and financial risks which they place upon *private schemes* are so heavy that it is widely expected that a high proportion of schemes will not contract out. This must lead to a significant reduction in the *investment in such schemes*, in spite of the professions of partnership. Unfortunately the new Bill is being rushed through all its stages with the minimum of *public debate and with totally* inadequate time for consideration or representations. This is in marked contrast to the way previous pension proposals have *been handled*. Yet the liabilities the new Bill sets up will endure for the lifetime of everyone now of working age.

In 1969 the late Richard Crossman *declined the suggestion* of a Royal Commission on the grounds that it would only postpone a decision. As long ago as 1959 the actuarial profession recommended an independent body to guide the country. If either idea had been taken up, we should by now have had an agreed scheme. As the present proposals take no steps to create or accumulate the wealth from which the increased benefits are to be paid, nothing would be lost by taking further time to achieve a long term solution. *In my* view this is the only way to produce a workable arrangement which will not be a cause of great regret in years to come.

R. B. Colbran.
107, Cheapside, E.C.2.

Corporation tax incentives

From Mr. C. W. Dent.

Sir,—The low level of re-equipment of capital plant in this country with really modern and up-to-date machine tools has *now reached disaster level* compared with our foreign competitors for overseas trade, which is the life-blood of this country.

Most companies, through lack *of confidence and cash flow* problems, are soldiering on with obsolete equipment, in many cases on a make-do and mend principle. The unit cost of the product of this equipment far exceeds that of our competitors. So, when the expected up-turn in world trade takes place, we will be priced out of the market place immediately.

Would it not be possible for the Chancellor to consider an advantageous tax-rate for those companies who re-equipped at least to the maximum of their depreciation or wear and tear write-off. I suggest this with due regard to the serious cash flow problems which most compaines have and also the labour problems which would be created initially but which later would be remedied by increased trade. I suggest this also knowing full well that in most cases the level *of depreciation write-off bear no relation* to the replacement cost of such plant.

However, we must make a start somewhere, and the differential *tax rates shown in the tables* would be some incentive. These differentials, to have maximum impact and simplicity, should be straight reductions on standard *corporation tax based on total* assessments. They could be in operation initially for, say, two years.

RE-EQUIPMENT INCENTIVE

Expenditure as proportion of total depreciation write-off	Corporation tax reduction
60%	1%
70%	2%
80%	3%
90%	4%
100% and over	5%

EXPORT INCENTIVE

Export sales as proportion of total sales	Corporation tax reduction
10%	1%
20%	2%
30%	3%
40%	4%
50% and over	5%

The two incentives cover the two most critical aspects of industry and national interest to-day—re-equipment of our wealth *producing* assets and export.

C. W. Dent.
Chelsea Cottage, 29, Pannal Ash Road, Harrogate, N. Yorkshire.

Arbitrate, don't litigate

From Mr. G. E. Colthorpe.

Sir.—Some of your older readers will be *familiar* with the sandwich-board men who used to parade in the Strand bearing posters "Arbitrate, don't Litigate."

Can any reader explain to me the value of arbitration if both sides are not bound by the arbitration award?

It seems that a new dictionary should be produced to update the meaning of such words as *contract and arbitration*.

G. E. Colthorpe.
Hudscott House, Chittlehampton, Umberleigh, Devon.

To-day's Events

GENERAL

Mr. Campbell Adamson, director-general of the Confederation of *British Industry, speaks at CBI* south west region annual lunch, Bath.

Mr. Richard Marsh, chairman of British Rail, talks on plans for reconstruction of Liverpool Street Station, Great Eastern Hotel, London.

Syrian Foreign Minister, Abdul *Halim Khaddam has talks with* President Ford and Secretary of State Henry Kissinger in Washington.

Public inquiry into fatal train crash at Nuneaton on June 6, is held at North Staffs Hotel, *Stoke-on-Trent.*

Sir Murray Fox, Lord Mayor of London, and Sheriffs of City of *London, attend service at St.* Paul's Cathedral to mark 300th anniversary of laying of Cathedral's first foundation stone.

South East Asia Shipping two-day conference, organised by the Financial Times, continues Shangri-la Hotel, Singapore.

PARLIAMENTARY BUSINESS

House of Commons: Children *Bill, second reading.*

House of Lords: Wild Creatures and Wild Plants Protection Bill, *committee: Mobile Homes Bill,* committee: Guard Dogs Bill, second reading.

OFFICIAL STATISTICS

Provisional gross domestic product for first quarter.

Final finished steel consumption and stocks for first quarter.

New vehicle registrations for May.

COMPANY RESULTS

Henlys (half year).

Turner Manufacturing (half year).

COMPANY MEETINGS

Allied Leather, Grosvenor Victoria Hotel, S.W., 12.

Downs Surgical, Connaught Rooms, W.C., 2.30.

Harmo Industries, Solihull, 3

Hunting Associated Inds., 4, Dunraven St., W., 12.30.

Perry (Harold) Motors, 80, Pall Mall, S.W., 12.

Roberts Adlard, Belgrave Sq., S.W., 12.

Scottish Mortgage and Trust, Edinburgh, 10.30.

Tricentrol, Great Eastern Hotel, E.C., 12.

Walker (Alfred), Meriden, 12.

Wills (George), 25, City Road, E.C., 11.15.

COMPANY NEWS + COMMENT

Powell Duffryn improves to £11.8m.

MAINLY REFLECTING an upsurge in the shipping division, profits, before tax, of Powell Duffryn increased by 9.6 per cent. to £11.86m. in the year ended March 31, 1975.

Chairman Sir Alec Ogilvie says that the outstanding success of the year was the shipping division, where the group's policy in recent years of re-orientating the fleet operation away from the traditional coastal trading enabled the group to benefit from the firm freight market in the short sea trades between European ports.

Again, a feature of the year's trading was the increase in direct exports. At £23.8m., sales of goods were up by £6.5m.

For the current year the chairman is not so optimistic at this stage as he has been in recent years. Less firm freight markets and rapidly escalating costs are affecting shipping interests, and the construction industry shows little sign at present of emerging from its recession.

Other parts of the group should have a better year and he remains hopeful, but it will require a significant up-turn in some areas "if we are to match last year's record profits in the conditions which are likely to persist in the months to come."

	1974-75 £000	1973-74 £000
Trading profit	12,587	11,328
Engineering	1,512	1,909
Building	246	227
Pollution control	277	104
Shipping, etc.	4,766	3,031
Oil and chemical	978	938
Fuel distribution	1,547	1,730
Quarries	427	499
Timber and builders' merchants	2,374	2,447
Overseas trading	517	775
Interest	723	510
Profit before tax	**11,858**	**10,818**
Taxation	6,281	5,817
Net profit after tax	5,577	5,001
Minorities	24	22
Extraordinary credits	*290	324
Attributable	5,943	5,303
Dividends	1,722	1,389
Retained	4,221	3,914

Group results exclude a French subsidiary, Société Française d'Equipement Electrique et de Chauffage, where serious discrepancies have been discovered in the accounts and records. Until a detailed investigation can accurately determine the amount and time scale of the discrepancies it is not possible to bring the results into group accounts, and appropriate adjustment has been made to group reserves for the value of the investment. In addition, it has been considered prudent to provide for debts currently owed to other companies in the group, and opening group reserves have been re-stated by £2.9m., being the amount of this provision.

● comment

Powell Duffryn's second-half slowdown in profits growth—from 21 per cent. pre-tax in the first six months of 1974-75 to 11 per cent. at the year-end—supports the cautious tone of the preliminary statement. With freight rates continuing to slide against a background of escalating operating costs, it seems inevitable that the shipping side (one of last year's star performers with a 56 per cent. rise in profits) will suffer a fairly significant downturn in 1975-76. At the same time the timber and quarrying divisions appear to have little hope of a recovery in the immediate future with no sign of a general pick-up in building activity. So, although PD should receive some boost from Hy-Mac, which now seems to be recovering from last year's loss position, an overall fall in current year profits looks unavoidable. The group's cash resources were diminished by around £2.4m. last year but with gross borrowings hardly any higher than the 1973-74 level of £5.4m., liquidity is still fairly strong. At 110p the shares are yielding 9½ per cent.

INDEX TO COMPANY HIGHLIGHTS

Peak £1.3m. at N. Brown Investments

AS FORECAST, pre-tax profits of **N. Brown Investments** for the year to March 4, 1975, exceed those of the previous year and show an advance from £1.24m. to a record £1.3m. At halfway the improvement was from £461,000 to £549,000.

The dividend is stepped up from 2.095p to 2.508p net with a final payment of 1.683p per 20p share. The company has close status—it operates a direct mail order business.

	1974-75 £	*1973-74 £
Turnover	22,659,537	15,761,549
VAT included	1,513,659	1,044,051
Trading profit	2,111,564	1,615,764
Finance charges	809,417	382,120
Profit before tax	**1,302,147**	**1,236,644**
Tax	508,720	309,399
Profit after tax	793,427	927,055
Extraordinary loss	9,100	—
Minorities	6,737	6,737
Available Ord.	777,590	920,318

* Excludes Halwins.

The directors say that if the preceding year's comparative figures are adjusted to include Halwins (acquired in January, 1974), sales in 1974-75 are 27 per cent. up on the preceding year. Pre-tax profits are 5 per cent. higher, although pressures represented by price controls and cost escalation in particular have meant a fall in the rate of pre-tax profits as a percentage of sales.

Halwins, in its first full year in the group, has been turned round from a loss to a profit situation.

Group export sales are up from £1,002,000 in 1973-74 to £1,919,000 in 1974-75.

● comment

Although **N. Brown's** true 1974-75 trading picture is obscured by the first-time inclusion of Halwins, it seems fair to assume that without this acquisition profits would have been slightly lower at the pre-tax level against a sales volume increase of around 7 per cent. Interest charges rose by 112 per cent. last year but the group is trying to control these now by restricting its credit sales and, judging by the 14 per cent. reduction total borrowings at the year-end, this appears to be showing some benefit. However, the outlook for the current year can hardly be very bright. The recent rises in postal charges mean that margins will be squeezed even harder in 1975-76 and, with the present volume of new orders only showing a slight increase over the corresponding period, a reduction in the current year's profits looks a strong possibility. This is reflected by a yield of 13.1 per cent. at 31p.

Further losses at Ferranti

FURTHER substantial losses in its transformer division, together with doubled interest charges of £1.88m. against £916,000, have led to Ferranti, the electronics group which is to receive £15m. from the Government, incurring an increased pre-tax loss of £488,000 in the year to March 31, 1975, compared with a £33,000 deficit in 1973-74.

The cash to be injected forms part of a deal which will give the Government 50 per cent. of the company's enlarged equity. Ferranti's liquidity problems were disclosed in August, 1974, but it was not until May 14 this year that a support package was finally agreed and announced.

There is to be no Ordinary dividend. In 1973-74 a total 4.2p a share was paid on the equity, in which the Ferranti brothers, Sebastian and Basil, have a controlling interest.

Sales in the year rose from £70.19m. to £86.28m. But the transformer division, despite increased sales of £5.89m. (£3.75m.), incurred a bigger loss of almost £1.98m., compared with £1.6m. Other activities in the electronics field, however, produced higher profits of £3.34m. (£2.54m.).

There were extraordinary credits of £572,000 (£446,000), which left Ferranti with a small profit of £11,000 (£272,000), although Preference dividends totalling £101,000 (same) led to £90,000 being transferred from reserves (£110,000 to reserves).

Yesterday's announcement remarked that the recently announced financial agreement with the Government "provides for a wider capital base and will be put to the stockholders at an extraordinary general meeting."

Dobson Park up £1.3m.

REFLECTING IMPROVEMENTS in all divisions, taxable profit of **Dobson Park Industries** advanced from £2.54m. to £3.82m. for the half year to March 29, 1975 and, Mr. H. Jowitt, chairman, reports that present information indicates second half trading should be satisfactory.

Present order levels of this Nottingham-based engineering group are "generally encouraging" and despite adverse economic factors affecting demand in some divisions the general level for group products should be maintained, he tells members.

The interim dividend is 0.631p per 10p share compared with 0.566p, equivalent to 0.971p against 0.845p and represents an increase of 15 per cent. Under existing legislation an appropriate adjustment will have to be made to the final in order that the total is no more than the permitted maximum. Last year's total dividend was 1.627p net from profits of £3.39m. before tax.

	Half year 1974-5 £000	Half year 1973-4 £000
External turnover	37,662	28,610
Mining machinery	17,478	†12,664
Engineering	7,915	7,157
Kango	5,971	3,922
Consumer	3,184	2,307
Construction	2,821	2,287
Property	271	254
Internal turnover	3,321	2,605
Trading profit	3,717	2,279
Mining machinery	1,540	1,151
Engineering	374	256
Kango	995	370
Consumer	281	181
Construction	179	79
Property	258	205
Deben Interest	58	56
Bank etc interest paid	124	152
Share of Assoc*	262	132
Profit before tax	**3,817**	**2,537**
Tax	1,993	1,324
Net profit	1,824	1,213
Interim dividend	375	327
Retained	1,449	886

* For six months (four months). Includes sales of £511,000 and profit of £47,000 for Australian subsidiaries acquired at end of September 1974.
† Includes £1.1m. from other suppliers as part of contract with China.
‡ Received.

The high level of capital investment over the past few years has enabled higher total production to be achieved. It is planned to increase such investment to about £3.5m. in the next year compared with existing levels of about £2.5m.

Despite the level of expenditure and the effects of high inflation on working capital, the cash position during the current year has been stabilised. Cash flow has been helped considerably by legislation deferring tax on increased stocks, says Mr. Jowitt.

● comment

After a sluggish year in 1973-74, a 50 per cent. increase in **Dobson Park's** interim pre-tax profits proved a pleasant surprise for the market last night taking the share price 2½p higher to 36p where the prospective yield is 7.7 per cent. On the mining equipment side, trading margins held steady on a 38 per cent. increase in sales, and overseas sales seemed to have countered any adverse effects from the NCB volume rebates. Equally, there has been a smart recovery in engineering where profits rose by 144 per cent. Hydraulics quickly filled the gap left by the loss of NCB roof support orders with the help of demand from the earth-moving and crane industries, while higher productivity and prices improved forging profits. Overseas construction demand for electric hammers has boosted Kango's profits by 69 per cent. Weakness in the consumer and construction divisions may depress second-half profits below the level of the first half, but an encouraging note for the share price is that last year's cash outflow has been stemmed and capital expenditure is to be increased in 1976.

Marginal rise at Matthews

EXTERNAL SALES of the food based group, **Matthews Holdings** expanded from £43m. to £49.66m. in the half-year to March 31, 1975, and taxable profits improved marginally from £1.15m. to £1.18m. including £182,000 against £166,800 from associates.

Stated earnings per 10p share rose from an adjusted 2.93p to 3.2p and the interim dividend is lifted from 1.005p to 1.1p net. Last year's total was 2.3176p paid from taxable profits of £2.28m.

The directors say the retail meat sales of Boucheries Bernard in Paris have not as yet come up to full expectations. The French meat retailing side suffered from higher wholesale meat prices and an escalation in costs resulting in narrower margins. Trading conditions in the second half have improved, they add.

	Half-year 1974/5 £000	Half-year 1973/4 £000	Year 1973-4 £000
External sales	49,655	42,996	85,317
Profit before tax	**1,176**	**1,151**	**2,234**
U.K. tax*	215	400	835
Foreign tax	305	325	609
Minority	117	90	202
Attributable	**439**	**336**	**578**
Exceptional loss	†‡	—	414
Pref. dividend	9	9	17
Interim Ord.	144	67	141
Retained	286	260	424

* Includes deferred tax £173,000 (£191,000 and £417,000).
† Includes non-recurring costs of move to Thamesmead £13,433 and terminal losses on businesses sold £9,600.
‡ Profit.

● comment

Against a very difficult background both in the U.K. and overseas, **Matthews Holdings'** first-half performance—profits 2 per cent. higher before tax—is quite good going, especially since the group has suffered a significant downturn on its French interests. On its U.K. butcher shop operation, the group's policy of low margins and high volume appears to be paying off and further profits growth is expected from here in the current six months. The terminal losses at Thamesmead could mean that much of this improvement will be wiped out by the year-end, but when the integration of the five meat processing factories is completed in 1976 the group is expecting to see a boost to overall profitability of perhaps £200,000. Moreover, the French companies are now beginning to see signs of a recovery and the two new shops have started to make a contribution to profits. Thus the immediate outlooks is one of static profits in the current year with a return to a reasonable rate of growth in 1975-76. The shares at 53p are yielding a prospective 7½ per cent., which on maintained profits would be covered twice.

Anderson Strathclyde improves

TURNING IN record profits of £2.64m. for the year ended March 31, 1975, **Anderson Strathclyde** also announces plans for a one-for-three rights issue at 110p to raise some £2.17m.

The profit compares with £2.44m. for 1973-74, and follows a marginal fall from £1.09m. to £1.05m. in the first six months.

Reflecting a higher tax charge earnings per £1 share are stated to be down from 19½p to 17p. In consequence of stock appreciation relief, no mainstream corporation tax is payable—the additional deferred charge arises because repayments obtained in respect of earlier years were lower than the current rate. If this adjustment was to be excluded, earnings per share would have been 20p.

The dividend is raised from 7.878p to 8.5p, with a final of 5p.

As a result of the stock appreciation relief, cash flow is now alleviated considerably.

The inflation rate, nevertheless, necessitated a substantial increase in resources required for working capital.

The value of exports increased further to £8,103,000 from £5,132,000.

As regards the rights issue the directors explain that prospects for growth in demand, both at home and overseas, now make it desirable. Initially the proceeds will be applied in reducing short-term bank borrowings.

Subject to an increase in the authorised capital to the Stock Exchange admitting the new shares to the List, it is proposed to offer holders registered on June 19 1,975,746 Ordinary shares. They are payable in full on acceptance not later than July 28, 1975.

The issue is being underwritten by Williams, Glyn and Co. and the Brokers are Parsons and Co. and L. Messel and Co.

The company, formerly Anderson Mavor, is involved in electrical, mining and mechanical engineering.

● comment

Anderson Strathclyde's 32 per cent. increase in trading profits on stable margins has been swamped by interest charges, and pre-tax profits are only 8.5 per cent. ahead. The main problem is that the group's pre-tax margins (which fell from 10.5 per cent. to 8.5 per cent.) are unable to sustain inflationary increases in working capital. Stocks and work-in-progress remain high at 52 per cent. of sales, and as a result borrowings have increased by about £750,000 and last year's £1.9m. cash balance has been virtually eliminated, even with the benefit of substantial tax deferrals. Exports, which have risen from 21 per cent. to 26 per cent. of turnover, may help matters on the margin front, but despite the proposed £2.17m. rights issue, a further net cash outflow seems likely again this year. With the price unchanged at 142p last night, the ex-rights yield is 9.7 per cent.

Growth at 1928 Investment

AFTER INTEREST of £301,187 against £294,616 and administration expenses of £68,919 compared with £61,887 pre-tax revenue of **Nineteen Twenty-Eight Investment Trust** increased from £1.05m. to £1.2m. for the year ended March 31, 1975.

Earnings per 25p share are shown to have risen from 5.76p to 6.05p and the dividend is lifted from 5p to 5.6p with a final of 3.7p net.

Tax takes £461,571 (£349,992) leaving the net balance up from £700,003 to £735,353. An amount of £54,953 (£92,503) is retained.

Gross revenue was £1.57m. (£1.4m.) including unfranked investment income of £808,978 (£628,298).

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Amber Industrial	0.4	—	0.37	0.4	0.37
Anderson Strathclyde	5	Aug. 8	4.63	8.5	7.87
S. & W. Berisford ...int.	2.5	Oct. 6	2.25	—	5.54
B. & C. Shipping	4.09	Aug. 8	4.17	6.94	6.37
N. Brown Invs.	1.68	July 22	1.36	2.51	2.09
Caledonia Inv.	4.01	Aug. 11	4.13	6.31	5.79
A. Cohen & Co.	2.63	Aug. 21	2.38	4.1	3.78
Cullen's Stores	2.5	Aug. 8	2.18	3.82	3.55
Dobson Park ...int.	0.63	Sept. 25	0.57	—	1.63
English China Clays ...int.	0.87	July 23	0.80	—(b)	2.08
Thomas Hardman	0.83	Aug. 15	0.74	1.63	1.51
Haslemere Estates	1.64	July 31	1.48	2.44	2.25
Headlam Sims	0.92	—	0.85	0.92	0.85
J. Lyons	5.47	—	5.73	7.57	7.83
Matthews Holdings ...int.	1.1	Oct. 3	1.01	—	2.32
Midland Cattle Products	1.17	—	1.13	2.04	1.88*
1928 Inv. Tst.	3.6	Aug. 1	3.4	5.6	5
Northern Securities	1.75	July 26	1.75	2.45	2.45
Powell Duffryn	4.27	Sept. 3	3.99	6.51	6
R.T.D. Group	8.6(a)	—	8.6	11.4	11.4
E. Scragg ...int.	Nil	—	0.4	—	0.40
Sterling Inds.	0.55	—	0.51	0.55	0.51
Utd. Spring ...int.	0.42	July 22	0.42	—	1.03
Weston Pharmaceuticals	1.51	—	1.38	2.11	1.94

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. (a) Gross. (b) 2.2674p forecast.

A. Cohen turns in £2.28m.

GROUP turnover for 1974 of **A. Cohen and Co.** expanded from £31.26m. to £41.6m. and taxable profits jumped from £1.57m. to £2.28m.

At halfway, reporting a rise from £0.52m. to £1.49m., the directors said that full year profits would be substantially higher than those for 1973 although the second-half figure would not be quite as high as for the first.

Earnings for the year are shown to be up from 34.7p to 46.4p per 20p share, and the dividend is lifted from 3.778p to 4.1024p net with a final of 2.632p.

Group interests include metal refining and non-ferrous alloy manufacturing.

	1974 £	1973 £
Turnover	41,595,550	31,264,114
Profit	2,281,466	1,578,901
Tax	1,129,861	733,897
Minorities	296,506	198,465
Inv. sale profit	110,605	—
Attributable	965,704	638,579

● comment

At the interim stage it was expected that A. Cohen would be able to maintain second-half profits at the level achieved in the same period of the previous year. However, because of certain mistakes in South Africa—ironically the area providing much of the punch behind Cohen's 186 per cent. first-half profits jump—and stock write-offs in Australia this has not been possible. In the event, profits over this period are lower by a quarter, still leaving an overall annual gain of 45 per cent. The picture now is that the South African situation has been remedied and Australia is picking up, though the latter not sufficiently to prevent a downturn here for the year. The U.K. side, too, has enjoyed a good first four months of 1975. But there is no doubt that the group is less than optimistic, though the yield of 4.6 per cent. at 140p lives in hope.

ISSUE NEWS AND COMMENT

East Surrey 9% Water Preference

Arrangements have been completed for the offer for sale by tender of £1m. of 9 per cent. Redeemable Preference stock 1980 in East Surrey Water Company, at a minimum price of £99 per cent.

The stock is payable as to £10 per cent. with tenders to be received by Wednesday, June 25, the balance being payable on or before Thursday, July 31.

Interest on the stock is payable half-yearly with the first payment of £1.47 net per cent. due on September 26, and thereafter on March 26 and September 26.

Brokers to the issue are E. B. Savory Milln and Co.

● comment

The offer from East Surrey Water is pitched on similar terms to two other water issues earlier this month, both of which were oversubscribed. Market conditions seem just as favourable now as then, and so a fairly small issue like this should have no trouble in attracting applications. Similar stocks are now commanding a premium of £1½ per cent. in the market and yielding around 13.78 per cent. flat and 13.70 per cent. to redemption, whereas the East Surrey stock on the minimum tender price is yielding 13.99 per cent. and 14.12 per cent. respectively. A bid price about the £101 mark will probably be required to secure any stock.

Prospectus Page 23

TIME PRODUCTS PLACING

TIME PRODUCTS announces that, in addition to the one-for-one scrip issue already announced, the group has made arrangements to raise £327,000 by the placing of 1,221,000 Ordinary shares at 28p per share with institutional investors.

Directors say the reduction of £700,000 in bank balances and short-term investments last year resulted from increased stock levels and fixed assets needed to support the enlarged operations. They believe it would be prudent to increase permanent capital by a placing rather than a rights issue, as funds are available on better terms and they consider it is in the best interests of the company to increase the number of institutional shareholders.

The Treasury has consented to an increase of the dividend to 1.365p (0.6239p) per share on the increased capital. In the annual report the chairman says that as regards the current year the group has so far maintained its rate of progress, but due to present circumstances he is unable to make any long-term prediction.

Chairman's statement Page 25

Senior £2m. rights

Senior Engineering Group proposes to raise £2,049,000 by way of a rights issue on the basis of two 10p shares for every five held at par.

In the chairman's statement accompanying the accounts it was mentioned that Senior had adequate resources to finance its present projects and provide additional working capital. This evidently still applies, but growth in past years has stemmed from high levels of capital expenditure, and to continue this policy the Board requires further resources.

The first four months of the current year has been "most encouraging" and management accounts are above budget and substantially in excess of the comparable period, although the Board makes no forecast for 1975 orders on hand "allow optimism." In the absence of unforeseen circumstances it is intended to pay dividends totalling 0.95p net per share for 1975.

Underwriters are S. G. Warburg and Co. Brokers are Hoare and Co. Govett.

WESTMINSTER UNDERSUBSCRIBED

The issue of £12m. City of Westminster 13 per cent. Redeemable Stock 1981 at £97½ per cent. closed yesterday with sub-underwriters asked to take up 71.9 per cent. of their commitment.

Other Issue News
Anderson Strathclyde this page.

INTERIM STATEMENT

S&W Berisford Limited

THE INTERNATIONAL FOOD GROUP

Interim Statement for the half year ended 31st March 1975 (Unaudited)

		6 months to 31st March 1975 £000		6 months to 31st March 1974 £000
Group Turnover		314,378		232,000
Group Net Profit before taxation		4,636		4,016
Taxation:				
U.K.	1,629		1,164	
Overseas	479	2,108	806	1,970
Group Net Profit after taxation		2,528		2,046
Deduct:				
Minority Interests	75		67	
Preference Dividends	3	78	3	70
Profit available for ordinary shareholders		2,450		1,976

Turnover and Profit Analysis

	6 months to 31st March 1975 £000 Turnover	%	£000 Profit	%	6 months to 31st March 1974 £000 Turnover	%	£000 Profit	%
U.K.	180,000	57.3	1,411	30.4	114,000	49.1	602	15.0
Europe	28,000	8.7	671	14.5	29,000	12.5	636	15.8
North America	23,000	7.5	575	12.4	29,000	12.5	901	22.4
*Entrepôt	83,000	26.5	1,979	42.7	60,000	25.9	1,877	46.8
	314,000	100.0	4,636	100.0	232,000	100.0	4,016	100.0

*External trading on which profits accrue to the U.K.

The unaudited accounts for the first half of the current year show that the turnover has increased by £82m. and the profits by £620,000.

During the period under review we experienced very much quieter conditions in the commodity markets in which we are interested, and this is the prime reason for the lower turnover and profits arising in our North American companies.

The substantial improvement in the United Kingdom turnover and profits is due to the reorganisation carried out in several of our U.K. companies, which we referred to in the Annual Statement. Borrowings have continued to be maintained at a low level.

There are so many uncertainties ahead of us that it is difficult to forecast the results for the full year. The efficiency of the Group has materially improved and we are sure of our ability to continue the progress the Group has made so far.

The Directors have declared an interim dividend of 2.5p per share (equivalent with the tax credit to a gross dividend of 3.846p per share or 15.38%) against 2.25p per share (13.43%) for the same period last year.

This Dividend, which will absorb £331,570, will be paid on 6th October 1975 to shareholders on the Register as at the close of business on 1st September 1975.

19th June 1975 N. H. Castle, Chairman

Shareholders may like to be advised that, following a reclassification of the nature of the Company's trade by The Stock Exchange, London, The Financial Times' Share Information Service now gives the daily quotation of the Company's Ordinary Shares in the "Overseas Traders" Section instead of, as formerly, in "Food, Groceries, etc."

Earnings growth for Tate & Lyle

FIRST HALF earnings per £1 Ordinary unit of Tate and Lyle have gone up 55 per cent. to 27.2p showing the continued programme for growth of recent years, says chairman Mr. J. O. Lyle.

And he adds that while it is obviously difficult to forecast with any reliability, the directors certainly would expect to see earnings for the full current year to September 30, 1975, higher than for 1973-74 before that year's "hopefully once for all" special pensions contribution.

First half taxable profits, before exceptional items, expanded from *£15.8m. to £24.3m. Total for the* previous year was £40.8m.—earnings per unit 33.5p.

	Six months 1975 £m.	1974 £m.
Sugar refining:		
U.K.	4.9	1.1
Overseas	7.5	2.3
Storage, distribtn. & trdng.	15.7	4.4
Shipping	1.8	5.7
Engineering, etc.	0.0	0.7
Production raw sugar*	2.2	2.3
Share associate*	0.9	0.9
Total	28.0	17.4
Central expenses	3.7	1.6
Profit	24.3	15.8
U.K. tax	9.3	4.4
Overseas tax	2.2	2.3
Net profit	12.8	8.1
Minority	0.9	0.5
Attributable	11.9	7.6

* Profit of raw sugar companies stated on basis of half the estimated total for the year. Results for half-year to March 31, 1974, re-stated on basis of half actual total for 1974.

Mr. Lyle *comments that expansion* objectives were again achieved despite the difficulties in the U.K. and most of the rest of the world. While some parts of the group encountered difficult conditions, their downturn in profits was more than matched by increases elsewhere, again emphasising the value of a spread of activities and the group's broad *geographical* base.

U.K. sugar refining profitability *improved due to a return to more* realistic refining margins, which *are "vitally necessary" in order* to continue to modernise capacity *needed to refine raw sugar available* under long-term contracts being negotiated.

The high raw sugar price agreed by the Government, needed to negotiate supplies earlier this year, has both reduced consumption and attracted imports and this has already affected sales of home produced refined sugar. The Government has undertaken, in conjunction with the three U.K. manufacturers, to ensure that the high-priced supplies can be marketed competitively.

Overseas refining interests benefited from the return to more stable *conditions in both* Canada and Nigeria.

In storage, distribution and trading there has been a decline *in many of the prices of commodities* handled, processed, stored *and distributed, but profits and* volumes have generally been maintained. Investment programmes have been increased, particularly in the U.S., to back trading activities.

The downturn in the group's three sectors of shipping has been even sharper than expected and profits are down while in engineering and construction materials there has been a decline in North American construction industry activity, but there are now fuller order books and improved results are expected *in the second half.*

On production of raw sugar, the chairman says that *despite continuing cost increases overseas, better productivity and favourable* prices will enable results in line *with last year's to* be *maintained.*

He explains that the central expenses charge is greater for a number of reasons, such as the research programme which has been expanded. Higher *inventories* and increased *trading* have also necessitated larger *borrowings from time to time,* and the increased cost of finance is also reflected, together with higher salary costs for administration.

See Lex

BOARD MEETINGS

The following companies have notified dates of Board meetings to The Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-division shown below is based mainly on last year's time-table.

TODAY

Interims:—Finance and Industrial Trust, Henlys, Leyland Paint and Wallpaper, Raeburn Investment Trust, Turner Manufacturing.

Finals:—E. Austin (London), Batleys of Yorkshire, Bell and Sime, Bristol Plant, British and American Film, Dimplex Industries, Gardiner Sons, Incledon and Lamberts, Leadenhall-Sterling Investments, A. Monk.

FUTURE DATES

Interims:—	
Dewhurst and Partner	Jul. 17
Derby Trust	Jul. 22
M. and G. Dual Trust	Jul. 3
McCleery L'Amie	Jun. 30
Mercantile Investment Trust	Aug. 12
Morris (Herbert)	Jun. 27
Siclaw Industries	Jun. 26
Throgmorton Trust	Jun. 25
Vectis Stone	Jun. 30
Finals:—	
Burtonwood Brewery (Forshaws)	Jun 25
C.N.A. Investments	Jun. 24
Downing (G.H.)	Jul. 10
Emray	Jun. 25
Highgate and Job	Jun. 24
Leigh Interests	Jun. 24
Renold	Jul. 2
S. and U. Stores	Jun. 24
Sugar (J.W.)	Jun. 26
Wrighton (F.)	Jun. 27

Strike hits Irish Distillers

INCLUDING share of associates, profit before tax of Irish Distillers Group dropped from £1.58m. to £64,000 during the half year to March 31, 1975.

According to Mr. F. J. O'Reilly, chairman, the *industrial dispute* which closed all the plants for *14 of the 26 weeks, including the* peak Christmas trading period, *seriously affected the results.*

He expects second-half profits *to be "of the same order"* as the previous comparable period. Profit for the year to September 30, 1974 was a record £2.61m. The interim dividend is 4 per cent. gross (same) and the chairman forecasts maintenance of a total of 13 per cent.

Mr. O'Reilly reports that the new Midleton distillery is being commissioned at present and will build up to full production this autumn.

	Half-year 1974-75 £000	1973-74 £000
Turnover	12,940	18,507
Profit before tax	64	1,581
Tax	12	720
Profit after tax	52	861
Minorities	68	34
Extraordinary item†	138	—
Attributable loss	154	827‡

† Charge, net of tax, for closure in May of Watercourse Distillery, Cork. ‡ Profit.

VAVASSEUR

At the meeting of J. H. Vavasseur Group held on June 17 it was resolved, as stated on February 28, that no dividend should be paid as at June 30 on the company's 7.7 per cent. Redeemable Cumulative Preference, nor on the 33.5 per cent. Redeemable Cumulative First Preference, 1981.

Audited accounts for the period from incorporation on May 1, 1974, to June 30, 1974, will be circulated on June 30.

E. Scragg £0.64m. loss at halfway

A TURNROUND of almost £2¼m. to a *loss of £640,000 is reported* by Ernest Scragg and Sons *(Hodings) for the 28 weeks ended* April 13, 1975. Sales were almost halved *at £10.57m.*

Projections for the full year indicate an appreciable profit for the second half, although the directors do not expect this to entirely offset the first half deficit.

They say that while the half year loss is *obviously* unsatisfactory it should be seen in the light of the worldwide deep recession *in the textile industry* and the problems of inflation.

Also some abnormal after sales costs have been met. These were due to problems with a supplier and are not expected *to recur.*

The directors believe there are some slight signs that the textile cycle may be beginning to turn up again. There is little doubt, they say, that many prospective buyers are waiting for the Textile Machinery Exhibition in Milan in October before deciding on their purchase programme for 1976.

Scragg does *not* chiefly depend for sales on industrial investment at *home, it is stressed.*

There is no interim dividend—a *payment for 1974-75* will be considered in September in the light of prospects then. For 1973-74 an interim and only payment of 0.4p was paid from profits of £3.13m.

	28 weeks 1974-75 £000	1973-74 £000
Sales	10,574	20,827
Loss*	640	1,616
Tax	—	944
Net loss	640	672

* After £81,000 redundancy payments.

Burrell warning on profits

Chairman, Mr. P. Gibson, told *the annual meeting* of Burrell and Co. that, in common with many *other suppliers* of chemical products, the directors had found few positive signs yet that customer demand was improving either in this country or abroad: in particular, the printing ink industry remained badly depressed.

Because of the decline in customers' requirements, allied to the company's own stock reduction programme, the volume of output so far this year had been at a very low level.

"Given this background it is inescapable that the *anticipated* downturn in profits will be considerably *greater than* was first envisaged," Mr. Gibson said.

Every effort was being made to generate new business, while in *the prevailing circumstances* financial controls were being applied with extra stringency and resources deployed in such a way that maximum advantage could be taken of an upswing in demand, however delayed that might be, he added.

Holt Products off target

Mr. J. Parkin, chairman of Holt Products, tells members in his annual statement that results for the first three months of the current year are considerably below the targets set, and it is unlikely the shortfall will be made up in the remaining nine months.

Budgets are being revised to minimise the effect on profits of this shortfall in turnover, and every effort is being made to ensure that targets for the rest of the year will be achieved, he adds.

On the year under review he says that in spite of national difficulties *the recovery of the* company has continued. As reported on June 6 profit before tax for the year to January 31, 1975 advanced from £614,627 to £701,732—the dividend is maintained at 1.705p net.

Overall the results of overseas subsidiary companies have been "disappointing" and urgent consideration is being given to resolving this problem.

Meeting Winchester House, E.C., *on July 10 at 11 a.m.*

Chairman's statement Page 35

Reckitt Australia

Reckitt and Colman Australia reports that unaudited group results for the six months ended April 30, 1975, showed increases in sales of 16.2 per cent. and in profits after tax and depreciation of 10.6 per cent., compared with *the first half of the previous year.*

Inflationary pressures evident *throughout 1974 showed no signs* of abating but the company has *so far been able to adapt itself* to their continuing presence, it *is stated.*

Taking account of trading to date, they expect earnings per share for the full year will show *an increase, assuming no marked* deterioration in the level of *economic activity and conditions* generally experienced in the first *six months.*

The interim dividend is 5 cents *per share, payable September 2,* compared with 4 cents. Reckitt *and Colman Limited owns* 69.99 per cent. of the equity.

MARTINAIR

Martinair Holland has now formed its own company in Hong Kong to act as general agent for freight charters in the Far East. Previously, Martinair relied on Chartair—a subsidiary of Chartair Europe BV based at Schiphol—to co-ordinate traffic between the Far East and Europe. The new company will be completely independent and provide full representation for the airline throughout the *Far East area.*

Overseas boost for J. Lyons

IN THE year to March 28, 1975, the "most difficult" in the company's post-war history, J. *Lyons and Company increased* its overall turnover by 29 per cent. to *£377m. and its trading profit by 23* per cent. to £25.67m.

Despite a substantial rise to £20.2m. (£12.05m.) in interest charges, the taxable profit is little changed at £9.21m. against £9.19m. but it includes this time exceptional credits of £2.57m. (debits £42,000) some of which, in accordance with earlier accounting *policies, might* have been dealt with through reserves, chairman *Mr. B. L. Salmon points out.*

There is also an extraordinary below-the-line property valuation surplus of £3.6m. (£1.03m.) after *extraordinary debits of £3.1m.* (£0.6m.).

Earnings per £1 Ordinary and "A" Ordinary, before the extraordinary items, are shown at 15.69p against 18.04p. A final dividend of 5.472p makes a net total of 7.572p against 7.83p—the gross equivalent is the same as last year.

Commenting on the year's trading, Mr. Salmon says it is "particularly encouraging" that the overseas companies' trading profit contribution *increased* by 53 per cent., thus justifying the decision to invest heavily in those *activities in recent years.*

	1974-75 £000	1973-74 £000
Group turnover	377,000	448,000
Trading profit	25,674	20,610
Exceptional credits	2,570	*42
Stock provision—property developments	604	628
Share of assoc. profits	1,796	1,246
Balance	29,402	21,236
Interest payable	20,193	12,045
Profit	9,209	9,191
U.K. tax	105	329
Foreign tax	3,043	2,258
Assoc. tax	669	376
Outside holders	534	725
Revaluation surplus	6,725	1,640
Extraordinary debits	3,102	603
Attributable	8,458	6,550
Pref. dividends	113	123
Equity dividends	2,290	2,327
To reserves	6,055	4,058

* Debits.

Trading profit analysis—	£000	£000
U.K.:		
Food products	8,919	7,705
Hotels and catering	*661	859
Property	4,354	3,474
Non-food	40	199
Total U.K.	12,652	12,237
Overseas:		
Food products:		
Europe	8,771	5,415
U.S.	3,543	2,271
Other	853	532
Hotel and catering	53	155
Total overseas	12,822	8,373

* Loss.

The chairman says the advent of recession when the group's development programme reached its peak put cash resources under some strain and the basic resilience of the group and its latent strength proved invaluable—including availability of properties "whose sale was and can continue to be a significant source of cash, and also of profit."

In food products, the mainstay of the business, the group's position in each of its main markets remains sound, although *in the U.K. the industry has been* prevented from fully recovering *the increase in costs.*

The new meat products factory at Northampton is now fully operational, and the first two plants in the major new cake bakery at Carlton have also come on stream. With completion of the latter by the end of the current year, the present period of exceptionally high capital expenditure in the U.K. will come to an end.

Mr. Salmon explains that the hotel and catering trade suffered *particularly from the world-wide* downturn in economic activity, *exacerbated in the case of* U.K. hotels by over-bedding resulting from the hotel grants scheme. This meant sustaining heavier losses in the first full year of operation of the Tower Hotel than would otherwise have been the case.

On the future, he says the *directors are confident* that the scope and profitability of *operations overseas will be of increasing* importance in the next few years and that advantage will be taken of opportunities that will again arise in the U.K. when economic activity increases.

"We are encouraged by the current level of group trading and have benefited from the low interest rates experienced so far this year. Subject as always to *unforeseen circumstances,* our present expectation is that the profit performance of the group in the current year will show an improvement over last year," Mr. Salmon tells members.

See Lex

Improvement at Glanfield Lawrence

Motor vehicle distributors and engineers, Glanfield Lawrence, reports an improvement in taxable profit from £3,000 to £34,000 for the six months to March 30, 1975 on turnover up from £2.83m. to £2.91m. Profit for the last full year was £70,731.

The directors say that trade *continues to be affected* by the general economic climate and the *particular problems of the motor* industry, but they are confident *the group will weather the storm* and revert to the kind of profitability achieved before the *trade* was beset by present difficulties.

During the half year expenses continued to escalate and at some branches are not being covered by increased profitability, they add.

Tax takes £15,000 (nil) and there is an extraordinary credit of £23,000.

The company has "close" status.

RECENT ISSUES

EQUITIES

Issue Price p**	Amount Paid Up	Latest Renunc. Date	1975 High	1975 Low	Stock	Closing Price p**	+ or −	Div.	Times covered	Gross Yield	P/E Ratio
♣	F.P.	—	172	165	Akroyd & Smithers	166	−2	—	—	—	—
—	F.P.	—	£26⅜	£25¾	Bell Canada (S.25)	£32⅝	+⅞	—	—	—	—
48	F.P.	11/7	56	48	Clive Discount (20p)	51	......	15	—	8.7	—
♣	F.P.	—	£22¼	£11½	Consd. Gas. Inc. $1	£18¾	+⅝	$1.6	—	4.3	—
‡R2	F.P.	30/5	385	298	Deelkraal Gold Mining	355	+5	—	—	—	—
::	F.P.	—	134	120	Ewart New Northern	131	......	—	—	—	—

FIXED INTEREST STOCKS

Issue Price	Amount Paid Up	Latest Renunc. Date	1975 High	1975 Low	Stock	Closing Price	+ or −
£100	F.P.	—	100½	96⅝	Agricultural Mortgage 11% 1976	100	......
‡£100	£25	11/6	65	39	Allied Irish 10% Conv. Uns 1985	40½	+1½
£100	£10	11/7	11¾	11⅛	Colne Valley Water 9% Red. Prf. 1980	11¾	......
£100	£10	31/7	11½	11¼	Folkestone Dist Water 9% Red Prf. 1980	11½	......
‡£100	F.P.	6/6	132	121	Gestetner 10% Conv. Uns. '90/95	126½	−1
$99	F.P.	—	$96½	$96½	Granges 9½% Bonds 1985	$98½	......
£99	F.P.	30/5	102¼	98½	Lincoln Corp. 15% 1980	100¾	......
††£99	F.P.	30/5	105½	101	Mid-Kent Water 10% Prf. 1980	101½xd	......
"	F.P.	23/5	105½	101¾	Mid-Southern Water 10% Prf. 1980	102xd	......
$100	F.P.	—	$101½	$100½	Norsk Hydro 9½% Bds.1985	$101½	......
£100	F.P.	21/6	123	106	N. Atlantic Secs. 7½% Cnv. 85-95	114	−2
£100	£10	31/7	11½	11	N. Surrey Water 9% Red Prf. 1980	11½	......
††£99	F.P.	—	103¼	100	Rickmansworth & Uxbridge 10% Prf. 1980	104	......
£100	F.P.	30/5	155	122	Slough Estates 10% Conv. Uns. '87/90	141	......
£99½	£45	1/8	46¼	45½	Southend-on-Sea 12½% 1981	44	......
£99	F.P.	11/4	105	99	S. Staffs. Water 10% Prf. 1980	101½xd	......
"	F.P.	18/4	105	101	Sutton District Water 10% Prf. 1980	101½	......
£99¼	£65	11/7	65	64½	Warwickshire 12½% Red. Stk. 1980	64½	......
£1	nil	24/6	10	2	Waterford Glass 10% Conv. Cum. Red. Pref.	2pm	−½
—	F.P.	14/2	90	60	Worth (Bond) 12% Conv. Uns.	85	......
‡£100	£50	2/10	97	67	Yorks Chems. 12½% Conv. Uns.	61	......

"RIGHTS" OFFERS

Issue Price p**	Amount Paid Up	Latest Renunc. Dates		Stock	Closing Price p**	+ or −
100	F.P.	28/5	30/5	Ash & Lacy	127	+2
55	F.P.	16/5	27/7	Associated Biscuit	62	......
43	Nil	20/6	8/8	Associated Engineering	9½pm	−½
25	Nil	—	—	Barrow Hepburn	11½pm	+1½
85p	Nil	2/7	1/8	Bell (A.)	10pm	......
46	Nil	—	—	Boc Intl.	5½pm	......
£100	Nil	—	—	Borel (Jacques)	24½pm	......
55	F.P.	28/5	30/5	Cadbury Schweppes	46½	+½
40	Nil	—	—	Carless Capel	20pm	......
A$1.50	Nil	—	—	Commercial Bank of Australia	83pm	−2
45	Nil	26/6	25/7	Dupont	2pm	−½
25	F.P.	13/6	11/7	Elliott Grp. (of Peterboro)	36	......
65	Nil	—	—	Ever Ready	7pm	−1
150	F.P.	10/6	12/6	Fairbaugh (Leonard)	162	......
200	Nil	—	—	Glaxo	163pm	+5
17	Nil	—	—	Gordon Johnson-Stephens	1½pm	......
52	F.P.	16/6	11/7	Hawkins & Tipson	64	......
25p	Nil	24/6	18/7	Hestair	25pm	......
125	F.P.	4/6	6/6	Linfood Hldgs.	167	+5
40	F.P.	13/6	11/7	Macarthys Pharm.	50	......
100	F.P.	28/5	30/5	Manbre & Garton	123	+5
100	F.P.	11/6	11/7	Marshalls Universal	111	......
Kr200	Nil	12/7	—	Norsk Hydro	£25pm	......
10p	Nil	2/7	8/8	NSS Newsagents	33pm	−2
60	Nil	—	—	Nurdin Peacock	20pm	+1
105	F.P.	19/6	17/7	Prudential Ass.	121	+1
47	F.P.	4/6	16/7	Richard & Wallington	60	......
20	Nil	—	—	Root Harvesters	8pm	......
300p	Nil	—	—	Siebens Oil & Gas UK	285pm	+15
95	F.P.	31/5	2/6	Simon Eng.	104	......
316p	F.P.	9/6	11/6	Sun Alliance	415	−2
125	F.P.	30/5	3/6	Tarmac	123	−3
75	F.P.	20/6	18/7	United Biscuits	91	+1

Renunciation date usually last day for dealing free of stamp duty. a Placing price to public. b Figures based on prospectus estimate. d Dividend rate paid or payable on part capital, cover based on dividend on full capital. p** Pence unless otherwise indicated. n Forecast dividend cover based on previous year's earnings. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividends. ** Issued by tender. ‡ Offered to holders of Ordinary shares as a "rights." ♥ 290 S.Afr. cents. † Rights by way of capitalisation. †† Tender allotment price. ♣ Reintroduced. ‡‡ Issued in connection with reorganisation, merger or take-over. ♣ Introduction. ♦ Issued to former Preference holders. ■ Allotment letters (or fully-paid). † Provisional or partly-paid allotment letters. ☆ With warrants.

A.B. Foods expects year of growth

IN HIS annual statement, the chairman of Associated British Foods, Mr. G. H. Weston, says that during the past year, price control has affected severely margins in certain sections of the food industry and this, coupled with high rates of inflation, has seriously affected prospects for adequate levels of future investment.

Increasing awareness of these facts by the Governments of the countries in which the group operates "must, I believe, lead to some amelioration in the operation of these price control systems," he tells members.

"If I am correct in this assumption, and if, in addition, this country can avoid any escalation in industrial unrest, I am confident that this company, with its well-demonstrated strengths, can and will enjoy a year of satisfactory growth," he declares.

As reported on June 10, taxable profits rose from £30.75m. to £45.52m. in the year to March 29, 1975, on sales up from £861m. to £1.07bn. and the dividend total is the maximum permitted 1.5888p (1.463p) per 5p share.

Mr. Weston reports that once again good sales growth at home has more than offset the further lowering of margins and there was further improvement from certain overseas divisions.

Although Allied Bakeries maintained its share of the U.K. bread market, the year became the first in which the bakeries were forced into a loss making situation. This was caused by price controls during a period of rapid inflation.

At Fine Fare, the main retail grocery chain, the development programme continued with an additional 176,000 square feet of new super store selling area opened during the year. In terms of sales area, this "more than compensated" for the closure of 48 small uneconomic stores.

As a result of the three-year rationalisation programme, and the policy of developing super stores, 51 per cent. of sales area is now made up of stores in excess of 5,000 square feet and the company is now better placed to contain future cost increases.

Overseas group sales totalled £336m. (£291m.) and profits £24.8m. (£21.5m.). South Africa contributed £18.5m. or 75 per cent. to profits and Australia and New Zealand £4.8m. or 19 per cent. after allowing for the devaluation of the Australian dollar. The remainder of overseas interests contributed 6 per cent.

A statement of source and application of funds shows a decrease in short-term borrowings of £6m. compared to an increase of £27m. in 1973-74.

Mr. Weston says the group had succeeded by the end of the year in containing the increase in working capital.

While the policy of heavy investment in new assets was maintained, with record expenditure of £45m., new capital projects were restricted to contain expenditure within the limited funds generated by the group.

Meeting at the Connaught Rooms, W.C. on July 11 at 11 a.m.

Chairman's statement Page 2

Midland Cattle Products

TURNOVER FOR the year to March 31, 1975 of Midland Cattle Products increased from £4.16m. to £4.3m., but taxable profits slipped from £700,553 to £668,568 after £284,135 against £308,969 for the first half.

After lower tax of £325,485 (£376,710) full year earnings are shown to be up from 13.4p to 14.2p per 25p share. In 1973-74 there were, in addition, extraordinary credits of £63,501.

The final dividend is 1.166225p, effectively raising the total from 1.87835p to the maximum permitted 2.041325p net.

Lead Inds. long-term optimism

Addressing shareholders of Lead Industries Group at the annual meeting, the chairman, Mr. A. S. Davies, said the recession was now affecting some sections of the business which were holding up quite well only a few months ago but, on the other hand, there were some signs that those geographical and product areas which were first affected by the recession were now showing a slight improvement.

He added: "We are in the middle of a worldwide recession affecting most metals and chemicals, and in view of the exceptional boom in the early part of 1974, we feel it will be more meaningful to compare the results for the first half of 1975, when reported, with the corresponding period in 1973.

"In the longer term we remain optimistic and it is the policy, subject to undue pressure on our financial resources, to continue to authorise capital expenditure where this apears to be justified in the long term."

The directors hoped and expected that expenditure currently being authorised would prove equally justified to that of the past.

Boots sees some progress

DR. G. I. HOBDAY, chairman of Boots, feels that some progress may reasonably be looked for in the current year.

Trading policies, merchandise and increased selling space coming into use, should enable the group to lift still further its market share and show some real growth in the retail business; but "clearly we are not going to make the progress we would hope to achieve in a more buoyant economic situation," says the chairman.

The advance in overseas business is expected to continue.

As reported May 16 group pre-tax profit improved by 3.1 per cent. to £65.7m., in the year ended March 31, 1975. World sales showed an increase of 20.4 per cent to £531.5m.—about 5 per cent. growth in volume terms.

The dividend is raised from 4.1257p net to 4.482p; and in addition a one-for-one scrip issue is proposed.

At Boots the Chemists counter sales increased by over 20 per cent. Although higher prices arising from cost inflation accounted for some two-thirds of this increase, there was still a substantial element of real volume growth.

Despite the various problems connected with developments the group has continued with its own programme of capital investment in new and modernised shops and during 1974-75 expenditure on the shop programme was £14.6m. (£11.3m.)—these exclude the costs of property acquisition of £10.8m. (£6.1m.).

During the year 45 new branches were opened and a number of very small units were closed. In the current year expenditure on shop development will again increase considerably and seven major stores are due to open. Three large stores are programmed for completion and there will be major extensions in six other locations.

On the marketing side it has again been a year of sustained progress in the vital export market and a sales volume of £22.9m. was achieved—an increase of 34 per cent. Sales by overseas subsidiaries rose by 26 per cent. to £25m.

A summary of results adjusted for the effects of inflation show: profit, before tax, on CPP basis £57.9m. (£70m); net attributable balance £23.8m. (£30.4m.), against £31.4m. (£30.7m.) historical; and earnings per share 13.3p (17.1p) and 17.6p (17.3p), respectively.

Year-end group commitments totalled £28m. (£27.47m), of which £22.92m. (£15.15m.) was contracted.

During the year there was an increase in liquid funds of £3.4m. (£9.9m. decrease). At March 31 cash and short term investments stood at £50.4m. (£39.71m.) against which there were overdrafts of £15m. (£7.73m.).

Members are told that as a precautionary measure the group has earmarked in the accounts £4.23m. to cover the pension fund actuarial deficit revealed by the triennial valuation at March 1974.

Chairman's statement Page 25

Pork Farms downturn

At the anual meeting of Pork Farms, Mr. D. C. Samworth, the chairman, said first-half profits this year would be lower than last year, even though volume was running at record levels.

Pork prices had risen by 25 per cent. in only six weeks (March and April) and as the Prices Commission required four weeks notice of any increase the delay was costing the company approximately £15,000 per week or £120,000 per year out of profits.

"Nevertheless, the underlying strength of the company has never been better," said Mr. Samworth.

S & W Berisford ahead £620,000 halfway

FROM A turnover £82m. ahead at £314.38m., profits of S. and W. Berisford, the international food group, moved up by £620,000 to £4.64m. in the six months ended March 31, 1975.

A geographical breakdown shows that the group's U.K. operations more than doubled their profit contribution to £1,411,000, compared with £602,000, on a turnover of £180m. (£114m.).

Mr. N. Castle, chairman, explains that the substantial improvement in the U.K. is due to the reorganisation carried out in several of the companies referred to in the annual statement.

Profits earned by the North American operations fell from £901,000 to £375,000 mainly because of much quieter conditions in the commodity markets in which Berisford is interested.

For the year as a whole Mr. Castle finds it difficult to make a profits forecast but "the efficiency of the group has materially improved and we are sure of our ability to continue the progress the group has made so far."

The interim dividend is raised from 2.25p to 2.5p net. For 1973-74 a total of 5.54p was paid, from profits of £7.59m.

	£000	£000
	6 months	
	1974-75	1973-74
Group turnover	314,373	232,000
Profit	4,636	4,016
U.K. Tax	1,629	1,164
Overseas tax	479	806
Net profit	2,528	2,046
Minority interests	73	67
Preference dividends	3	3
Available ord.	2,450	1,976

● comment

Probably the best method of gauging S. and W. Berisford's performance is to compare the latest first-half figures with those of the preceding six months; on this basis, sales are ahead 4½ per cent. (against a gain of over 35 per cent. on the corresponding period) but profits before tax are up by 30 per cent. (15 per cent.). Thus, there has been a considerable measure of improved profitability over this period, reflecting the elimination of problems in three divisions—feedstuffs, meat and canned food. Another major factor has been that the decline in international commodity prices has meant that Berisford has had to put up far less in the way of margins and therefore financing charges are that much lower. For the second six months, the U.S. should show an upturn in fortunes, which should help compensate for the generally low volume of transactions on the commodity front, while an interesting growth area in the group (and a useful provider of cash flow) is the insurance broking subsidiary. The yield roughly 5 per cent. at 160p does not appear to be in any doubt about the future.

Statement Page 22

Advance at Weston Pharm.

AFTER RISING from £783,598 to £807,470 in the first half, taxable profits of Weston Pharmaceuticals finished the year to February 28, 1975 up from £1,605,590 to £1,867,049 on turnover of £42.97m. against £38.3m.

Earnings are shown to be up from 6.04p to 6.29p per 10p share, and the dividend is raised from 1.943547p to the maximum permitted 2.112949p net with a final of 1.512949p.

An analysis of turnover and trading profit—£2,381,000 shows (£000's omitted):—Retail 15,376 and 1,050, wholesale 25,113 and 965, tobacco products 1,329 and 360, and pharmaceuticals 1,150 and 6.

The directors say that the results were achieved despite higher finance charges, a near 25 per cent. increase in wages, and a continuing, but smaller loss, after interest charges, in the pharmaceutical manufacturing division.

The £667,376 written off goodwill under extraordinary items arises from liquidation of certain non-trading companies. There has, however, been no outflow of funds arising from this write-off.

In the light of current inflation and its effect on cash flow, capital expenditure is being rigorously controlled. In the retail division, however, 12 of the major existing branches are being rehoused and a programme of refitting and refurbishing is being implemented to increase existing sales areas.

Group sales and operating costs are in line with budgets for the first quarter and, the Board feels the group is well placed to face the future in spite of the considerable increases in all operating expenses anticipated.

At June 10, 1975, the receiver and manager of London and County Industrial Holdings—in liquidation — was interested in 25 per cent. of the Ordinary capital. Meeting, Sheffield on July 14, at 10.30 a.m.

	1974-5	1973-4
	£	£
Turnover	42,967,5[illegible]	[illegible]
Profit before tax	1,867,049	1,605,590
Taxation	969,742	744,507
Minority	8,258	7,029
Extraord. debits	758,651	122,219
Leaving	130,367	730,516
Interim dividend	84,919	79,163
Final proposed	215,879	195,390
Forward	1,861,049	1,506,297

ESPERANZA

Esperanza Trade and Transport has allotted 48,193 shares in connection with the acquisition of a surveyong and loss adjusting business in East Africa.

INVESTMENT TRUST COMPANIES

The information in the columns below is supplied by the companies named, which are members of The Association of Investment Trust Companies. The figures, which are in pence except where otherwise stated, are unaudited.

Total Assets less current liabilities (1) £million	Company (2)	Shares or Stock (3)	Date of Valuation (4)	Annual Dividend (5)	Net Asset Value after deducting prior charges: at nominal value (6)	Net Asset Value after deducting prior charges: at market value (7)	Investment Currency Premium (see note g) (8)
	VALUATION MONTHLY			Pence except where £ stated (see note d)			
122.6	Alliance Trust	Ord. Stock 25p	30/5/75	5.25	223.3	234.4	57.9
19.7	Capital & National Trust	Ord. & "B" Ord. 25p	30/5/75	*3.1	120.7	124.8	24.3
7.2	Claverhouse Investment Trust	Ordinary 50p	30/5/75	2.6	72.0	72.0	1.2
7.8	Crossfriars Trust	Ordinary 25p	30/5/75	2.01	66.9	66.9	–
5.4	Direct Spanish Telegraph	Ordinary 25p	31/5/75	3.5	59.0	60.4	6.2
12.0	Dundee & London Investment Trust	Ordinary 25p	30/5/75	1.7	61.9	63.8	5.9
71.0	Edinburgh Investment Trust	Deferred £1	30/5/75	4.85	215.5	234.6	52.3
36.0	First Scottish American Trust	Ordinary 25p	2/6/75	2.2	x92.8	96.7	22.2
9.4	Grange Trust	Ord. Stock 25p	30/5/75	1.474	77.0	83.0	16.0
52.5	Great Northern Investment Trust	Ordinary 25p	30/5/75	3.06	103.3	106.5	10.6
48.8	Guardian Investment Trust	Ordinary 25p	30/5/75	1.75	79.0	84.6	11.4
73.2	Investment Trust Corporation	Ordinary 25p	30/5/75	4.527	210.4	217.6	52.9
60.5	Investors Capital Trust	Ordinary 25p	30/5/75	1.0	79.2	85.7	26.9
12.1	Jardine Japan Investment Trust	Ordinary 25p	30/4/75	0.85	120.7	120.7	19.0
5.5	Kingside Investment Co.	Ordinary 25p	30/5/75	1.75	56.1	57.3	2.7
26.6	London & Holyrood Trust	Ordinary 25p	30/5/75	2.55	112.0	117.4	25.7
18.8	London & Montrose Investment Trust	Ordinary 25p	30/5/75	3.65	186.9	192.1	43.5
36.1	London & Provincial Trust	Ordinary 25p	30/5/75	2.4	110.4	113.6	26.5
92.4	Mercantile Investment Trust	Ordinary 25p	30/5/75	1.61	x39.4	45.5	4.5
	Do. Do.	Conv. Deb. 1983	30/5/75	£4.50	£62.10	£68.30	£6.80
41.0	Northern American Trust	Ordinary 25p	2/6/75	2.2	x97.6	103.5	24.2
4.7	Save & Prosper Linked Inv. Trust	Cap. Shares	2/6/75	–	98.5	98.5	–
37.7	Scottish Northern Investment Trust	Ordinary 25p	3/6/75	2.3375	83.4	94.4	18.7
83.0	Scottish United Investors	Ordinary 25p	31/5/75	§1.67	92.7	98.1	30.8
40.0	Second Alliance Trust	Ord. Stock 25p	30/5/75	4.2	189.0	200.5	50.0
2.7	Shires Investment Co.	Ordinary 25p	31/5/75	5.6	106.1	106.1	–
32.4	Sterling Trust	Ordinary 25p	30/5/75	3.85	x172.6	184.4	39.2
53.4	United British Securities	Ordinary 25p	30/5/75	5.7	251.1	254.7	51.8
	Baillie Gifford & Co.						
94.6	Scottish Mortgage & Trust	Ordinary 25p	31/5/75	2.3	122.6	125.4	31.4
73.6	Edinburgh & Dundee Investment	Ordinary 25p	31/5/75	2.7	152.7	157.4	41.3
46.6	Monks Investment Trust	Ordinary 25p	31/5/75	1.05	55.3	56.8	13.7
12.3	Winterbottom Trust	Ordinary 25p	31/5/75	3.325	207.0	221.9	49.4
	Baring Bros. & Co. Ltd.						
31.1	Outwich Investment Trust	Ordinary 25p	6/6/75	1.75	100.1	110.0	16.4
20.9	Tribune Investment Trust	Ordinary 50p	27/5/75	8.5	784.1	791.4	250.7
	Cripps Warburg Ltd.						
12.4	Sizewell European Inv. Trust	Ordinary 10p	31/5/75	1.0	91.3	91.3	16.5
2.6	Atlanta, Baltimore & Chicago	Ordinary 10p	31/5/75	0.4	w49.5	w49.5	w12.0
3.2	West Coast & Texas Regional	Ordinary 10p	31/5/75	0.45	w63.1	w63.1	w15.8
	Edinburgh Fund Managers Ltd.						
52.7	American Trust	Ord. & "B" Ord. 25p	30/5/75	*1.35	42.8	45.0	5.2
11.2	Crescent Japan Investment Trust	Ordinary 50p	30/5/75	–	130.6	130.6	20.8
	F. & C. Group						
†	Alliance Investment	Ordinary 25p	15/5/75	†	†	†	†
16.5	Cardinal Investment Trust	Deferred 25p	30/5/75	4.25	176.5	186.7	33.8
	Do. Do.	Conv. Loan 1985/87	30/5/75	£6.00	£95.30	£100.80	£18.30
4.1	City & Gracechurch Inv. Trust	Ordinary 25p	30/5/75	1.1125	43.3	44.4	3.2
	Do. Do.	Conv. Ord. 25p	30/5/75	–	51.1	52.4	3.7
4.9	F. & C. Eurotrust	Ordinary 25p	30/5/75	0.3	65.5	65.5	25.0
128.8	Foreign & Colonial Inv. Trust	Ordinary 25p	30/5/75	2.412	167.6	178.5	47.1
18.5	General Investors & Trustees	Ordinary 25p	30/5/75	2.8	111.8	119.4	16.6
	Gartmore Investment (Scotland) Ltd						
54.3	Scottish National Trust	Ordinary 25p	31/5/75	2.66	146.6	152.2	33.1
13.9	Glasgow Stockholders Trust	Ordinary 25p	31/5/75	2.8	155.2	163.2	37.8
	John Govett & Co. Ltd.						
64.8	Border & Southern Stockholders Tst	Ordinary 50p	30/5/75	4.5	x300.3	x310.8	x61.3
30.8	Debenture Corporation Ltd.	Ordinary 25p	30/5/75	2.3	92.9	97.7	18.2
9.2	General Stockholders Inv. Trust	Ordinary 25p	30/5/75	4.0	424.7	480.6	121.8
19.2	Govett European Investment Trust	Ordinary 25p	30/5/75	1.6	91.5	91.5	39.0
47.3	Lake View Investment Trust	Ordinary 25p	30/5/75	1.5	92.7	98.1	18.4
	Do. Do.	Conv. Loan 1973/98	30/5/75	£4.00	£122.80	£130.80	£24.60
25.1	London & Aberdeen Inv. Trust	Prefd. & Dufd. 5p	30/5/75	1.55	142.3	155.4	28.7
48.6	Stockholders Investment Trust	Ordinary 50p	30/5/75	5.5	383.4	409.5	88.4
	G.T. Management Ltd.						
12.5	Berry Trust	Ordinary 25p	31/5/75	0.6625	x53.9	x55.0	x7.1
	Do. Do.	Conv. Loan 1993	31/5/75	£4.25	£78.10	£79.80	£10.30
8.4	G.T. Japan Investment Trust	Ordinary 25p	31/5/75	1.5	102.4	102.4	17.3
5.8	Northern Securities Trust	Ordinary 25p	31/5/75	2.45	116.1	125.6	19.1
	Hambros Group						
35.8	Hambros Investment Trust	"A" & "B" Ord. 25p	30/5/75	*4.0	102.8	117.2	14.7
22.6	Bishopsgate Property & Gen. Inv	Ordinary £1	30/5/75	3.8	111.3	128.0	0.6
17.2	Bishopsgate Trust	Ordinary 25p	29/5/75	4.0	175.2	187.6	17.7
10.4	Hellenic & General Trust	Ordinary 10p	30/5/75	0.42	42.2	51.4	–
2.8	City of Oxford Investment Trust	Ordinary 25p	30/5/75	2.2	54.7	61.2	0.8
4.6	Rosedimond Investment Trust	Cap. Shares 25p	30/5/75	–	61.9	61.9	9.6
	Henderson Administration Ltd.						
104.5	Witan Investment	Ord. & "B" Ord. 25p	30/5/75	*1.5	x92.4	102.4	26.7
15.3	Electric & General Investment	Ordinary 25p	30/5/75	1.0	80.3	89.2	24.3
4.5	Washington Investment Co.	Ordinary 25p	30/5/75	0.85	38.6	42.8	4.1
4.6	Greenfriar Investment	Ordinary 25p	30/5/75	0.95	92.5	92.5	25.2
4.4	Mendip Investment	Ordinary 25p	30/5/75	1.0	82.9	90.8	25.3
4.6	Lowland Investment	Ordinary 25p	30/5/75	1.45	47.0	47.0	3.5
	Philip Hill (Management) Ltd.						
14.3	City & International Trust	Ordinary 25p	31/5/75	2.4	791.0	97.7	15.7
7.9	General & Commercial Inv. Trust	Ordinary 25p	31/5/75	3.4	126.1	136.8	19.9
16.4	General Consolidated Inv. Trust	Ordinary 25p	31/5/75	2.25	x76.7	80.7	11.0
80.9	Philip Hill Investment Trust	Ordinary 25p	31/5/75	5.0	x159.3	166.7	8.7
†	Moorgate Investment Co.	Ordinary 25p	31/5/75	†	†	†	†
28.8	Nineteen Twenty-Eight Inv. Trust	Ordinary 25p	31/5/75	5.6	207.6	220.3	46.7
	Ivory & Sime						
72.5	British Assets Trust	Ordinary 25p	31/5/75	1.225	54.6	61.5	10.4
25.1	Second British Assets Trust	Ordinary 25p	31/5/75	1.5	169.2	176.8	53.6
30.1	Atlantic Assets Trust	Ordinary 25p	31/5/75	0.8	xw59.6	xw77.6	w17.9
10.1	Viking Resources Trust	Ordinary 25p	31/5/75	0.55	87.5	87.5	15.4
	Leopold Joseph & Sons Ltd.						
3.4	Anglo-Welsh Investment Trust	Ordinary 50p	3/6/75	1.37	58.7	60.4	–
	Do. Do.	Conv. Pref. 50p	3/6/75	4.375	58.7	60.4	–
1.9	Leopold Joseph Investment Trust	Ordinary 25p	4/6/75	1.4	x94.5	114.5	0.1
4.4	Thanet Investment Trust	Ordinary 50p	8/5/75	2.37	65.4	69.6	–

Total Assets less current liabilities (1) £million	Company (2)	Shares or Stock (3)	Date of Valuation (4)	Annual Dividend (5)	Net Asset Value after deducting prior charges: at nominal value (6)	Net Asset Value after deducting prior charges: at market value (7)	Investment Currency Premium (see note g) (8)
	Keyser Ullmann Ltd.			Pence except where £ stated (see note d)			
23.0	Throgmorton Trust	Ordinary 25p	30/5/75	3.5625	45.3	50.0	–
7.3	Throgmorton Secured Growth Tst.	Cap. Loan Stk. £1	30/5/75	–	12.0	64.3	–
	Lazard Bros. & Co. Ltd.						
13.2	Embankment Trust	Ordinary 25p	□31/5/75	1.95	x86.6	90.9	19.0
†	Raeburn Investment Trust	Ord. Stock 25p	31/5/75	†	†	†	†
35.5	Romney Trust	Ord. Stock 25p	31/5/75	2.1	x98.2	102.0	22.2
	Martin Currie & Co., C.A.						
8.0	Canadian & Foreign Inv. Trust	Ordinary 25p	31/5/75	2.4	114.2	119.1	25.5
15.4	St. Andrew Trust	Ordinary 25p	31/5/75	3.25	120.5	127.8	24.8
77.3	Scottish Eastern Investment Trust	Ordinary 25p	31/5/75	2.9	131.8	139.5	34.5
20.1	Scottish Ontario Investment Co.	Ordinary 25p	31/5/75	2.7	137.2	140.4	37.2
45.6	Securities Trust of Scotland	Ordinary 25p	31/5/75	4.7	168.8	194.1	39.9
2.3	Western Canada Investment Co.	Ordinary 25p	31/5/75	9.5	525.2	544.0	117.7
	Murray Johnstone Ltd.						
34.3	Caledonian Trust	Ord. & "B" Ord. 25p	31/5/75	*1.225	77.1	81.9	19.1
52.4	Clydesdale Investment Trust	Ord. & "B" Ord. 25p	31/5/75	*1.5	73.3	76.9	19.1
13.7	Glendevon Investment Trust	Ord. & "B" Ord. 25p	31/5/75	*2.1	w86.7	w92.4	w22.0
4.8	Glenmurray Investment Trust	Ord. & "B" Ord. 25p	31/5/75	*1.35	73.1	73.1	21.4
16.4	Scottish & Continental Investment	Ordinary 25p	31/5/75	1.0	w72.4	w72.4	w17.6
58.1	Scottish Western Investment	Ord. & "B" Ord. 25p	31/5/75	*§2.0	ac93.4	ac99.3	ac23.8
18.5	Second Great Northern Inv. Trust	Ord. & "B" Ord. 25p	31/5/75	*1.46	85.1	90.1	23.5
	Navdale Ltd.						
3.4	Simonside Investment Co.	Ordinary £1	30/5/75	§1.3	x81.2	x83.3	x13.0
	N. M. Rothschild & Sons Ltd.						
5.0	Equity Consort Investment Trust	Ordinary £1	23/5/75	5.4225	x140.9	x140.9	x3.5
	Do. Do.	Deferred 50p	23/5/75	2.925	x81.9	x81.9	x7.1
	Do. Do.	Conv. Loan 1994	23/5/75	£4.75	£102.50	£102.50	£4.90
7.5	Equity Income Trust	Ordinary 50p	23/5/75	7.085	161.2	180.7	6.0
	Schroder Wagg Group						
16.8	Ashdown Investment Trust	Ordinary 25p	31/5/75	2.925	x139.3	148.8	30.1
	Do. Do.	Conv. Loan 1988/93	31/5/75	£4.75	£97.80	£104.20	£21.10
23.2	Broadstone Investment Trust	Ordinary 20p	31/5/75	3.09	x146.4	157.8	30.3
	Do. Do.	Conv. Loan 1988/93	31/5/75	£4.50	£97.90	£105.20	£20.20
37.0	Continental & Industrial Trust	Ordinary 25p	30/4/75	3.65	185.0	201.8	41.5
23.1	Trans-Oceanic Trust	Ordinary 25p	31/5/75	3.35	171.0	182.2	38.4
	Do. Do.	Conv. Loan 1988/93	31/5/75	£4.50	£106.80	£113.90	£24.00
10.1	Westpool Investment Trust	Ordinary 25p	31/5/75	2.125	x101.0	107.7	19.6
	Do. Do.	Conv Loan 1989/94	31/5/75	£5.00	£92.20	£96.90	£17.80
	Stewart Fund Managers Ltd.						
50.4	Scottish American Investment Co	Ordinary 50p	31/5/75	1.75	69.9	74.5	12.7
16.8	Scottish European Investment Co.	Ordinary 25p	31/5/75	1.1	53.7	53.7	11.0
	Touche Remnant & Co.						
72.2	Atlas Electric & General Trust	Ordinary 25p	30/5/75	1.15	55.8	59.3	6.9
25.5	Bankers' Investment	Ordinary 25p	31/5/75	1.9	58.8	64.1	8.0
15.4	C.L.R.P. Investment Trust	Ordinary 25p	30/5/75	1.25	72.4	77.8	10.2
25.0	Cedar Investment Trust	Ordinary 25p	30/5/75	1.7	68.0	71.3	9.6
31.0	City of London Brewery	Deferred 25p	31/5/75	1.9	57.4	62.4	2.6
22.7	Continental Union Trust	Ordinary 25p	30/5/75	1.91	113.8	121.2	19.4
134.0	Industrial & General Trust	Ordinary 25p	30/5/75	1.14	52.6	55.3	8.8
28.8	International Investment Trust	Ordinary 25p	30/5/75	1.8	w75.0	w81.1	w12.7
37.3	Sphere Investment Trust	Ordinary 25p	30/5/75	2.04	111.8	118.9	22.7
38.5	Standard Investment Trust	Ordinary 25p	30/5/75	3.81875	148.7	159.7	30.2
27.0	Trust Union Ltd.	Ordinary 25p	30/5/75	2.0	108.7	114.7	16.8
48.4	Trustees Corporation	Ordinary 25p	30/5/75	2.85	139.8	146.9	18.1
	VALUATION THREE-MONTHLY						
6.3	London Atlantic Investment Trust	Ordinary 25p	30/5/75	1.639999	50.7	52.6	5.2
23.7	London Scottish American Trust	Ord. Stock 25p	30/4/75	3.35	128.3	137.3	27.4
6.6	Safeguard Industrial Investment	Ordinary 25p	31/3/75	2.7	54.2	56.5	–
41.7	United States Debenture Cpn.	Ord. Stock 25p	30/4/75	2.42	x87.9	92.3	19.0
	Do. Do.	Conv. Loan 1993	30/4/75	£5.00	£97.00	£101.30	£20.90
	City Financial Administration Ltd.						
4.0	Acorn Securities	Cap. Ordinary 1p	23/5/75	–	84.0	84.0	12.5
12.8	General Funds Investment	Ordinary 25p	2/6/75	3.25	155.5	161.3	22.0
	Do. Do.	Conv. Ord. 10p	2/6/75	–	124.5	129.0	17.5
9.2	'Investing in Success' Equities	Ordinary 25p	6/5/75	2.077	139.0	144.3	27.5
	Drayton Montagu Portfolio Mgt.						
79.6	Drayton Premier Investment Trust	Ordinary 25p	30/5/75	5.0	231.1	243.7	49.9
	Do. Do.	Conv. Loan 1993	30/5/75	£7.50	£144.40	£152.30	£31.20
	Do. Do.	"A" Conv. Loan 1993	30/5/75	£7.50	£143.60	£151.50	£31.00
66.1	Drayton Consolidated Trust	Ordinary 25p	30/5/75	3.43	173.2	182.9	37.8
	Do. Do.	Conv. Loan 1993	30/5/75	£7.50	£138.50	£146.30	£30.30
	Do. Do.	"A" Conv. Loan 1994	30/5/75	£6.50	£140.70	£148.60	£30.70
	Do. Do.	"B" Conv. Loan 1994	30/5/75	£6.50	£143.60	£151.70	£31.40
44.6	Drayton Commercial Inv. Co.	Ordinary 25p	30/5/75	3.35	149.6	156.0	27.1
	Do. Do.	Conv. Loan 1986	30/5/75	£6.25	£119.70	£124.80	£21.70
11.5	English & International Trust	Ordinary 25p	30/5/75	3.15	99.3	106.5	23.4
	Do. Do.	Conv. Loan 1986	30/5/75	£7.00	£120.40	£129.10	£28.30
7.6	Colonial Securities Trust	Deferred 25p	30/5/75	5.8	273.9	291.1	53.6
6.3	British Industries & Gen. Inv. Tst.	Deferred 25p	30/5/75	2.7	118.7	123.1	25.4
	Do. Do.	Conv. Loan 1994	30/5/75	£6.50	£131.90	£136.80	£28.20
5.4	British Australian Investment Tst.	Ordinary 25p	30/5/75	0.7	44.8	44.8	18.0
2.7	City & Foreign Investment Co.	Ordinary 25p	4/6/75	–	41.0	41.0	14.9
	East of Scotland Investment Mngrs.						
30.3	Aberdeen Trust	Ord. Stock 25p	31/3/75	3.35	113.5	124.5	21.5
9.1	Dominion & General Trust	Ordinary 25p	31/3/75	5.25	184.5	198.8	44.5
21.4	Pentland Investment Trust	Ordinary 25p	31/3/75	2.65	108.2	114.7	25.0
	Electra House Group						
117.1	Cable Trust	Ordinary 25p	31/3/75	4.2	133.8	134.9	12.8
	Do. Do.	Conv. Loan 1985/90	31/3/75	£6.25	£109.60	£110.60	£11.00
95.2	Globe Investment Trust	Ordinary 25p	31/3/75	2.7	x86.1	x89.8	x8.0
	Do. Do.	Conv. Loan 1987/91	31/3/75	£5.50	£68.20	£71.10	£6.30
49.4	Cabins Investment Trust	Ordinary £1	31/3/75	19.2	746.4	766.9	109.1
16.1	Telephone & General Trust	Ordinary 25p	31/3/75	6.5	x147.5	x160.0	x8.7
	Do. Do.	Conv. Loan 1987/91	31/3/75	£6.00	£59.20	£64.20	£8.50
7.6	Temple Bar Investment Trust	Ordinary 25p	31/3/75	4.5	x104.4	x114.3	x7.1
	Do. Do.	Conv. Loan 1985/90	31/3/75	£5.75	£73.70	£80.70	£5.00
	Kleinwort Benson Ltd.						
2.3	Jos Holdings	Ordinary 25p	30/5/75	1.6	56.8	56.8	6.7
3.5	London Prudential Investment Tst.	Ordinary 25p	30/5/75	1.89375	60.7	63.9	11.1
37.4	Merchants Trust	Ordinary 25p	30/5/75	1.8	68.2	71.8	15.1

* Applies to Ordinary "A" ordinary only. § Includes special dividend. ... adjusted for scrip issue. ... adjusted for rights issue. † Company will announce dividend or interim results shortly. x, w See note (h) below. □ Valuation Twice-monthly.

Notes:—

(a) Cols. 1, 6, 7 Quoted investments are valued at mid-market prices: unquoted at directors' valuation: both include 100 per cent of any investment currency premium after taking into account the premium on any surplus or on any shortfall of foreign currency assets against foreign currency loans.

(b) Cols. 1, 6, 7 All revenue account items are excluded.

(c) Cols. 1, 6, 7 No account has been taken of any liability in respect of taxable gains which might arise on future disposal of investments.

(d) Cols. 5-8 Amounts are per share/stock unit or per £100 Convertible Loan Stock. Column 5 precisely stated: columns 6-8 to nearest one-tenth of a penny per share and 10p per £100 Convertible Loan Stock.

(e) Col. 5 Dividend is the last declared annual dividend or firm forecast, excluding imputation credit. Interest on loan stocks is stated gross of income tax.

(f) Cols. 6-7 Prior charges are deemed to include preference share capital.

(g) Col. 8 The amount per share/stock unit represented by 100 per cent. of the investment currency premium applied in calculating the valuation for cols. 1, 6 and 7.

(h) Cols. 6-8 Convertible loan/preference stocks and warrants or subscription rights are treated in the way which produces the lower n.a.v. per share. Convertible stocks are treated as fully converted at the rate for the next conversion date, or where a figure is marked "x" as prior charges; warrants or subscription rights are treated as exercised, except where a figure is marked "w".

AITC

A booklet "Investing in Investment Trust Companies" is available from: The Association of Investment Trust Companies, Park House (6th Floor), 16 Finsbury Circus, London, EC2M 7JJ.

MINING NEWS

Charter sees maintained profits this year

BY KENNETH MARSTON

AFTER having turned in better than expected *results for the year* to last March—net profits up to £17.2m. from £15.9m.—Charter Consolidated expects to maintain its overall earnings in the current year despite the anticipation of a material fall in revenue from copper.

In his statement with the annual report of the £302m. U.K.-based *mining finance* group the chairman, Mr. Sidney Spiro, points to its strong investment position—48.9 *per cent. of the past year's* increased investment income came from holdings in the other leading mining finance companies—and sees "good grounds for confidence in Charter's future growth and expansion."

Of the future income providers, the Cleveland Potash operation in Yorkshire has problems in the shape of an escalation in cost to £47m: the need to adjust mining plans to cope with indicated irregularities in the potash seam: and a likely fall in near-term demand for fertilisers. But it is still hoped that the operation will reach break-even point by mid-1976.

The high-grade $660m. (£290m.) Tenke-Fungurume copper project in Zaire, where Charter has a 14 per cent. stake, is hoped to start production in the second quarter of 1978. By way of tax and a free stake in the equity the Zaire Government will take 60 per cent. of the profits, which is regarded as reasonable these days.

Charter hopes to be able to provide from internal sources its $45m. (£19.8m.) share of the current financing scheme for Tenke-Fungurume. There are no plans in mind for a rights issue. Having unburdened itself, at a price, of the ill-fated Mauritanian copper venture, Charter must pin a good deal of faith in the hope that Tenke-Fungurume will come right.

In the meantime, the group can *expect to share in the revival in* prosperity for base-metals which is generally expected to happen next year. From an investment angle Charter will need patience, but the shares pay for their keep with money that, importantly in these days, stems from overseas. They were 172p yesterday.

LEASE GRANTED TO ELANDSRAND

A mining lease has now been granted to South Africa's new *Elandsrand Gold Mining. The* terms, which provide for the share of profits payable to the Republic, are regarded as favourable although they are a little less so than those given to the other gold newcomer, Deelkraal.

Elandsrand is stated to be making good progress. The headgear for the men and materials shaft *is complete and that for the rock* and ventilation shaft is under *construction. Shaft sinking—to* a depth of around 10,000 feet—is planned to start in January next year but it is dependent on the electric power supply which is scheduled to become available this December. The present target *for the start of production* is 1981.

Capital spending is currently *being financed out of loan facili*ties of R20m. granted by Anglo American Corporation. Permanent finance is expected to be provided by an offer of Elandsrand shares later this year. The total cost of the new mine is *thought likely to be in the region* of R150m. (£96m.).

Included among the major shareholders in the gold mine is Western Deep which, with a stake of 19.6 per cent., *intends* to pass on to its shareholders *the major portion of its subscription rights to the eventual issue* by Deelkraal. Gold Fields of South Africa has a beneficial interest in Elandsrand of 15.3 per cent. and intends to finance its *entitlement to the issue from existing resources.*

Seltrust's Detour

COMING SO hard as it does on the heels of the Agnew nickel disappointment the news of further progress in proving up the Brouillan copper-zinc-silver project in north-western Quebec must inevitably be qualified for *Selection Trust shareholders by a fervent* hope that its eventual flowering will not also be blighted by *the ravages of inflation.*

The main new factor in the Brouillan prospect, now to be known as the Detour project, is that the gold content of the orebody is likely to be of value although it is stressed that *metallurgical testing will be* required to determine the amount recoverable.

Drill results from the A1 zone are considered to indicate 35.4m. short tons averaging 0.39 per cent. copper, 2.3 per cent. zinc, 1.04 ounces of silver a ton and 0.009 ounces gold per ton or under 0.2 dwt. These values are *generally low* but the company thinks that the deposit may prove to be commercially extractable *as an open-pit proposition.* It lies within a more extensive zone of mineralisation some or all of which may also be commercially mineable by surface methods.

Data for an initial study of the project are now reckoned to be sufficient. So exploration drilling on all three zones has ceased. If a commercial operation appears *feasible detailed drilling will be* required for confirmation purposes. *Underground testing may* also be necessary it is added. In other words, there is plenty of *time for metal markets to re*cover before Detour is likely to be in production.

Canada's Selco Mining operates the venture in equal partnership with Pickands Mather the wholly-owned subsidiary of America's *Moore McCormack.* Selection Trust, the shares of which fell a further 10p to 665p yesterday, holds 94 per cent. of Selco.

Coats Patons controversy

By Margaret Reid

Coats Patons' moves earlier this week to *appease criticism of* its controversial decision not to pay a final dividend for 1974, will be *considered to-day by the* Association of Unit Trust Managers. *Earlier, the* Association had said it was its intention at that time to advise its members to vote against adoption of the report and accounts at the annual meeting on July 11.

Although Coats has now foreshadowed resumed payment of dividends for the current year at a rate 12½ per cent. above 1973, and is bringing payment of the interim forward to the end of 1974, there is still some discontent among institutions. Considerable feelings of opposition persist in the decision to pass the 1974 final for tax conservation and tax *reasons. It is as yet unclear, how*ever, in what way if at all these sentiments will be translated into action at the annual meeting.

In some unit trust quarters last night, there was a certain feeling that the company's statement this week had gone some way to meet the criticisms and that little might be achieved by *further public protest. But it is* not yet clear how widely this will be the opinion.

What does seem apparent is that the unit trusts will hope to maintain closer touch with the company in future and that they will couple plans in this direction with proposals that non-executive directors should be appointed to the Board.

Among managers of pension funds—which, as gross funds, *have been particularly affected* by the Coats decision—there are still considerable feelings of opposition. In particular, there is concern lest Treasury regulations should prevent payment of the full dividend foreshadowed for 1975. Discussions are expected to continue next week as to whether any actions should be *taken by way of protest.*

COMPANY NEWS

'Much less' profit for English China

CONSOLIDATED profit of English China Clays for the year to September 30, 1975, will inevitably be "much less" than last year's £19.1m. before tax, though, in the *absence of unforeseen circum*stances, it should be ample to cover the dividend at the present *permitted maximum, says* chairman Lord Aberconway.

Meanwhile, the interim dividend is 0.5748p net against 0.5015p which represents an increase, on a gross basis of 12½ per cent. The directors intend, if restrictions *are unchanged, to recommend a* final of 1.3926p net.

Taxable profit for the six months to March 31 declined from £7.69m. to £7.05m. and earnings are shown to have fallen from 3.02p to 2.38p per 25p share.

Lord Aberconway reports "excellent trading marked the early months but since February there has been a severe fall-off in the demand for china clay, particularly from the paper industry. At present the industry, in common *with the paper industry, is run*ning well below capacity.

It is now clear the heavy de*mand experienced* in 1974 was partly due to stock building, not only in the paper industry but in most of the many other trades supplied by the China Clay Industry. It is, therefore, possible that the company will not quickly *regain that level of demand and* the recession is likely to continue unabated throughout the summer.

Present indications are that a gradual improvement in the export markets may start in the autumn and when world trade improves, so *will the company's,* he adds.

China clay prices in home and *export markets were increased by* 8 per cent. and 15 per cent. respectively in January, and in the home market a further increase of 16 per cent. was introduced in April to meet the rise in costs which this country has experienced in conjunction with the rate of inflation.

Continuing recession in con*struction has reduced demand at* the quarries division. Profits have fallen, but the situation would have been worse if early action had not been taken to close certain works and cut back output.

The lower activity forecast has enabled the directors to defer a number of capital projects and thus reduce pressure on cash resources, explains the chairman.

	Half year 1974-5 £000	1973-4 £000
External sales	68.6[illegible]	54.645
From invest. grants a/c	[illegible]	714
Depreciation	3.311	2.970
Pre-tax profit	7.0[illegible]	7.690
Tax	3.[illegible]	3.708
Net profit	3.146	3.99[illegible]

● comment

English China Clays' share price has fallen by a fifth since the *beginning of this month and will* not receive any immediate help from the interim statement. Although pre-tax profits have fallen by only 8½ per cent., the underlying decline has been greater since comparison is with the "energy crisis"-affected period of 1973-74. The volume-sensitive clays side was holding *up well until February*—helped by price increases in September and January. But then there was *a sharp drop in demand* as a result of the familiar worldwide de-stocking trend: the group seems to hold out little hope of a quick improvement, which explains its belief that full-year profits will "inevitably be much *less" than last year. The turn*down over the last few months is reflected in a yield of 5¾ per *cent. at 81p—not quite the pre*mium rating the company has been accustomed to, though there are hopes of a gradual pick-up in demand starting in the autumn.

Haslemere ahead by £195,000

AN INCREASE in pre-tax profit from £1.05m. to £1.24m. for the year ended March 31, 1975, is announced by Haslemere Estates. *At mid-way the directors forecast* "only a small increase" over the *first* half figure of £1.09m. (£530,000).

Then, the directors also predicted that net rental income would exceed £4.5m. and trading *profit would amount to more than* £2m. In the event the figures are £4.62m., compared with £4.13m., and £2.41m., against £1.59m. respectively.

Basic earnings are shown to be up from 3.885p to 5.044p per *10p share on a net basis and up* to 6.093p on a nil basis.

Diluted, they are up from 3.436p to 4.776p on a net basis and up to 5.741p on a nil basis.

Dividend total is up from 2.2491p to 2.4425p net, with a final of 1.6425p. Net asset value per share is 261p basic and 245p diluted.

The directors report that properties in the investment portfolio were professionally valued at the year-end at £82.8m. which reflected revised rents on properties secured following the ending of business rent controls, "but caution has *still* to be applied to the capitalisation of rent increases due on future *reviews and reversions.*"

At the year-end properties in the course of development had a book value of £19.83m. which was based on cost.

● comment

The full-year figures from Haslemere seem better than some market expectations, and *certainly trading profits are a fifth* higher than the £2m. indicated at the half-way stage. Net rental income, meanwhile, is up by £½m., and projecting the second-half through for this year points to around £5m. from this source, but that is before an extra boost from recent lettings and rent reviews this year. So, a fair rise from this area is on the cards. The investment portfolio is valued about 8 per cent. lower than last *year's figure (not on the same* properties, however) which represents a fairly conservative view. The reduction in net asset value per share to 245p (diluted) from over 300p last year may disappoint some, but at 212p the shares are selling on a discount to the asset value of only 13½ per cent., which is low for the sector. The share price *strength is* influenced by three substantial shareholders — Hill Samuel, *Phoenix and Throgmorton Securi*ties—plus the recognition that Haslemere is a major renovator rather than a new property developer.

BIDS AND DEALS

Croda cautious

MANAGEMENT figures for the *first quarter of Croda International's* current year indicated a level of trading which could be regarded as good by any normal criteria and even by Croda standards of a year ago, "but were definitely not as sparkling as the excellent results that came in early 1974."

This was stated by chairman, Mr. Freddie Wood, at the annual meeting. He added that second quarter sales statistics indicated *the period may be duller than* 1974 as well. "We expect and almost always get a variation in profit from quarter to quarter and this means that the main influence on the final outcome of 1975 will be the general economic *climate* and the more specific weather of the world chemical industry in the second half."

Croda has *just won control of* Midland Yorkshire Holdings following a hotly contested battle which saw Croda gaining 50.11 per cent. of MYH's votes on the May 30 closing date of its offer. This was achieved after an investment client of L. Messel, stockbrokers to Croda, bought a crucial 2,900 MYH shares and *then assented them to the offer* as a cheap way into Croda shares. The investment client, although unnamed in a Takeover Panel statement on the situation on Wednesday, was the Electricity Supply Industry Pension Fund.

Mr. Wood disclosed that holders of some 72 per cent. of the shares had now accepted. He said it was fair to say that MYH would be left alone for the time being.

Earlier, Mr. Wood had again referred to the changed conditions in 1975 compared with 1974 when conditions were "extraordinarily good." *The Croda Board* always took a guarded and careful attitude towards any *indication of future levels of* trading and profit. It was happy to indicate its general faith in future growth and prosperity and this could be supported, not by current results or near-future trends, "but by our progressive record of the last two decades and more."

Confidence in the future was borne out by the capital expenditure programme for 1975, "which at £7m. mainly in the U.K. is *easily the largest programme we* have ever launched and contrasts sharply with other sections of the *industry,*" said Mr. Wood.

Midland Yorkshire's announcement of £2.61m. pre-tax profits *for the year to March 31, 1975,* compares with an up-graded forecast in April of £2.57m., before extraordinary credits of £246,000. The credits actually totalled £258,080 and arose from sales of *fixed assets and investments,* which left the net profit, after tax, at £1.59m., compared with £844,576 in 1973-74.

CENT. PROVINCES MANGANESE GETS £500,000 BID

Central Provinces Manganese Ore has received a £500,000 bid from Estates and Agency. Until 1973, Central Provinces was involved in mining manganese in India, but in February, 1973, agreement was reached with the Indian Government to sell its 49 per cent. holding in Manganese Ore (India) with proceeds being remitted over several years.

As part of a diversification programme, Central Provinces has invested in Tamlin Securities and Data Investments, moves which the directors said recently would be put to shareholders for approval later this year.

The offer by Estates is 12½p a share cash—par value—which the Central Provinces directors said they are considering.

TOOTAL-FRASER

The Boards of Tootal and House of Fraser announce that negotiations are taking place for the sale of Tootal of the Hide Group of department stores to Fraser on a going concern basis.

No indication of financial arrangements was given in a statement yesterday but both companies, on a satisfactory conclusion being reached, said they *aim to ensure the transition is* achieved with the minimum disruption id trading and that Fraser had given assurances that continued employment of the Hide staff would not be adversely affected as a consequence of the sale.

PROV. LAUNDRIES

Provincial Laundries, whose share listing has been suspended since November pending reorganisation *proposals being put forward,* has withdrawn its proposed share exchange offer for Wadham Stringer, the motor distribution group.

The only comment by the WS Board to date on the offer has been that information received from Provincial had been so inadequate "that the directors are unable to evaluate it."

The Takeover Panel has been advised of the Provincial move, it was stated. *Meanwhile,* Provincial said that because of the complexity of the proposals which the Board had intended to put to an extraordinary meeting on July 10, the meeting has been postponed to a later date to be announced.

Sacilor planning to raise Frs.240m. loan

BY RUPERT CORNWELL PARIS, June 19.

BOLSTERED BY the proceeds of a forthcoming Frs.240m. convertible bond issue, Sacilor, the main operating arm of the Wendel steel empire, intends to continue its Frs.500m. modernisation programme in Lorraine this year: this is in spite of the present miserable state of the steel industry.

Supervisory Board chairman M. Pierre Celier left shareholders at the annual meeting in no doubt of the difficulties faced by their group, and indeed by most major steel producers in Europe. This year, he warned, would be "poor," and he studiously avoided any promises over the 1975 dividend, after a 1974 payment of Frs.12 per share.

Although Sacilor gave no new figures, the latest statistics from the French steelmakers' federation show a drop in May—admittedly distorted by strikes—of 40 per cent. in industry output to barely 1.4m. tons, and a fall of 19 per cent. for the first five months as a whole.

The bond issued at 12 per cent. will be convertible into Sacilor stock from January 1, 1976. Its success will depend on the appeal of its yield—at 11 per cent. barely less than that of a comparable straight bond on the French capital market—and the confidence of subscribers that Sacilor will get back before too long to the sort of profits (Frs.117m.) it achieved in the good year of 1974.

In contrast to the pessimism of Sacilor, the smaller, specialist steel concern Creusot-Loire exuded an altogether more cheerful tone at its own AGM here earlier this week.

Not only was it able to assure shareholders that it hopes to repeat the Frs.11.70 dividend they received for last year, but M. Jean Forgeot, president, claimed to have detected the first signs of an upturn in the steel industry's fortunes.

Creusot, of course, through its specialist business and its strong foreign representation (quite apart from its burgeoning nuclear activities) has weathered the storm relatively successfully so far in 1975, and was able, unlike Sacilor, to put off short-time working until last month.

Now M. Forgeot argued, the end of inventory rundowns, and the mounting hopes of a world economic recovery meant that the worst for the steel industry might perhaps be over. For the nuclear and engineering division, orders were running 4 per cent. ahead of last year, but the rapid rise of the franc since then and the consequent erosion of Creusot's competitive position was starting to cast a cloud over prospects.

The group is planning a loan of Frs.100m. (£11m.) on the international market to help finance its investments in the nuclear and energy fields.

Caution at Phoenix Gummi

BY GUY HAWTIN FRANKFURT, June 19.

SHAREHOLDERS OF Phoenix Gummiwerke, one of West Germany's leading tyre and rubber companies, are to remain on short commons for yet another year. The concern announced to-day that, despite a small profit, no dividend will be paid for 1974.

This will be the third dividendless year in a row for Phoenix holders. They last received their "traditional" 16 per cent. dividend in 1971. In that year the concern reported a balance sheet profit of DM7.96m. In contrast last year's balance sheet profit was only DM1.1m.

Phoenix management, however, points out that 1974 was a very difficult one with the concern's most important customers—the motor industry and the construction industry—in deep recession.

Chief executive, Dr. Peter Weinlig said that the Hamburg-based concern did not foresee much improvement coming during the current year. Demand had been weak in the first few months and a poor employment situation throughout the entire economy indicated that a worsening of the situation was likely.

While the home market had been hit, export demand had also declined. Demand had improved in the automobile home market but "the horse had not yet been persuaded to drink."

Dr. Weinlig echoed the view of Daimler Benz Chief Executive Professor Joachim Zahn who said that if the investment premium, due to expire on June 30, was not renewed the economic upswing could be slowed. Over the next few months the concern had to concentrate on improving sales and on strengthening development work. It would also have to trim costs.

Turnover of the German parent in 1974 rose by 4.6 per cent. to DM546.5m. compared with DM522.5m. in the previous year. European group turnover went up 5 per cent. to DM604.8m. Production per head fell by 4.7 per cent. while personnel costs went up by some 16.6 per cent. per kilogramme. Overall personnel costs declined by 1.1 per cent. to DM229m. and as a proportion of total performance they fell from 1973's 43.2 per cent. to 41.3 per cent.

All in all, the outlook is certainly less sanguine in the short term, at least, than it was in January this year. Then the company, in common with so many others, appeared to be expecting the upswing to make itself evident before the half year mark.

Horten sees no gains

BY NICHOLAS COLCHESTER BONN, June 19.

HORTEN, ONE OF West Germany's biggest department store chains, so far detects no significant improvement in the German market for consumer goods. Presenting its 1974 annual report this week, the Horten management revealed that turnover for the first five months rose by 8 per cent., while sales on a given quantity of sales-space rose by 5 per cent. Horten reckons on an overall turnover increase for 1975 of 10 per cent. to DM3.65bn. and on a 7.4 per cent. increase in selling-space.

The company expects its profit to be no worse than that achieved in 1974, when earnings fell from DM53m. to DM35m.; and the dividend was reduced from DM9 per DM50 share to DM7.00.

Last year was characterised by a large increase in turnover from DM2.83bn. to DM3.32bn. and this was accompanied by a still larger increase in costs. The most obvious of these was a DM76m. rise in wage and social costs, a DM60m. increase in "other costs," and a DM16m. increase in interest charges. The rise in other costs was chiefly due to Horten's notable expansion of marketing area during the year and to the impact of exchange rate shifts on the book worth of Sw.Fr.130m. of credit.

Horten increased its sales space last year by 14.1 per cent. to 540,200 square metres and maintained its sales per square metre on average, at DM6,300. Despite this large increase in space, Horten managed to hold the number of employees virtually unchanged at a year's average of 29,903. Turnover per employee thus rose from DM104,300 to DM118,200.

Barcelona pay-out rejected

By James Scott TORONTO, June 19.

BARCELONA TRACTION Light and Power Company of Toronto has abandoned its 27-year struggle to obtain compensation for assets of Spanish subsidiaries seized in 1948 by one of the financial backers of the Franco government in the Spanish Civil War.

In its first annual report since 1948 its president, Mr. F. H. Terlinck, says that "Left saddled with liabilities and with no assets, the company is henceforth unable to seek in any forum the redress which it equitably deserves.

The company was petitioned into bankruptcy in Spain by Juan March, a Franco backer who acquired a substantial amount of Barcelona Traction debt securities. Barcelona Traction's main Spanish subsidiary, Ebro Irrigation and Power Company, was profitable and had large amounts of cash; but it was unable to export the funds and Barcelona was unable to meet interest and sinking fund requirements on its debt.

Following the seizure of the Spanish assets, National Trust Company of Toronto as trustee of the sterling bonds issued by the company had a receiver and manager appointed by the Supreme Court of Ontario. The annual report says that the receiver began a "multitude of proceedings in the courts of Spain. At the same time the trustee and Sidro SA Barcelona's main shareholder and other interested parties spared no effort in Spain, Canada and elsewhere on the judicial, diplomatic and other fronts to have the Spanish proceedings set aside."

The annual report chronicles the myriad actions that ensued, involving the company, the Belgian and Spanish Governments and others. Almost 90 per cent. of the shareholders are Belgian nationals. It concludes that "although there are no present favourable indications whatsoever one may not altoegther exclude all hope that responsible persons in authority may one day recognise that this company and its shareholders should obtain compensation."

Pierson names the day

AMSTERDAM, June 19.

PIERSON, HELDRING EN PIERSON, the 100-year-old Dutch private partnership, said here today that its transformation into a limited liability company with "NV" added at the end is expected to take place on June 30. The same day, PHP becomes part off the large Amro banking group in which it will retain its own identity

SDR bonds seen as major financing medium

NEW YORK, June 19.

A TOTAL of 24 special drawing right (SDR) linked bond issues totalling about $1bn. may be outstanding by the end of 1975, White Weld and Co. Inc. President Mr. Paul Hallingby said.

He added that another issue being planned for late summer would have a ten-year term, an important test for the market following the recent success of five- and seven-year issues.

Recently White Weld, through its affiliate Credit Suisse White Weld, brought to market the first such SDR linked bond issue, a 50m. SDR offering for Alusuisse.

Mr. Hallingby said that the Alusuisse issue was enthusiastically received and that the underwriting syndicate received indications for approximately 200m. SDRs he said. The size of this issue and of the subsequent seven-year issue for Sveriges Investeringsbank were increased.

SDR-linked issues should produce lower interest cost to the issuer over some competing forms of financing, Mr. Hallingby said.

As the market becomes more familiar with the mechanics of SDR-linked bonds they should begin to represent one of the lowest cost forms of borrowing although some premium over certain single-currency borrowing costs will remain, he said.

He said that SDR-linked issues seem ideally suited for companies with wide-ranging foreign operations covering many currencies. SDR borrowings could also serve as a hedge for such companies, he said.

★

THE EUROPEAN investment Bank is to make a bond issue in Switzerland for SW.Frs.80m., underwritten by a syndicate of Swiss banks under the joint direction of the Union Bank of Switzerland, The Swiss Bank Corporation and the Swiss Credit Bank.

The bonds will have a maximum duration of 15 years, bearing interest at 7.75 per cent. payable annually, and will be offered at par for public subscription between June 25 and 30.

Redemption will be in 12 annual instalments by purchase on the market at prices not exceeding par. Bonds not purchased will be redeemed at par on 17 July, 1990. The European Investment Bank reserves the right to redeem in advance, from July 17, 1985, all bonds in circulation.

Application for admission and listing of the bonds for the full period of the loan will be made to the stock exchanges of Zurich, Basle, Geneva, Lausanne and Berne.

This is the third public bond issue made by the EIB in Switzerland, bringing the total to SWFrs.260m., and the proceeds will be used by the bank to finance its ordinary lending operations.

The amount of the planned Massey Ferguson Nederland NV sinking fund seven-year note issue has been raised to $40m. from $30m., Eurobond sources said.

The loan, which carries a 9¾ per cent. coupon, was priced at 100½ per cent.

★

Empressa Nacional del Aluminio, a Spanish aluminium company controlled by the Spanish government's Instituto Nacional de Industria (INI), is negotiating a $20m., five-year loan from a syndicate led by Credit Commercial de France in Paris, banking sources said.

The loan will bear interest at 1.625 points above London Eurodollar rates for the first two years and 1.75 points above for the remaining three years to produce an average spread of 1.675 points.

★

A $20m., nine-year Council of Europe Eurobond issue has been priced at 98.75 bearing 9.25 per cent. to yield 9.46 per cent., one of the underwriters said.

The offering of the intergovernmental agency for refugee problems was managed by Banque Lambert in Brussels.

Other News

Mitsui issuing Y15bn. loan

● Mitsui plans to issue a Y15bn. unsecured bond in the Japanese capital market this autumn. This is the first unsecured straight bond placed in Japan since the early 1930's. Mitsui is negotiating with the Finance Ministry and underwriters on restrictions to be imposed on the company's financial operations (such as mortgaging and dividend payment) to protect investors.

Mitsui's plan may allow foreign companies to float Yen bonds in Japan.

● Komatsu is offering U.S. investors $50m. of 7½ per cent. convertible debentures at par. Rated BAA by Moody's and BBB-plus by Standard and Poor's, the 20-year debentures are convertible into American depositary receipt shares at the rate of one ADR share for $27.26 of debentures—an 8 per cent. premium over current prices. Merrill Lynch, Pierce Fenner and Smith Associates are handling the offer by the Japanese concern.

● The Tokyo Stock Exchange has tightened margin trading requirements for Mitsumi Electric to curb speculation. The requirement is raised to 50 per cent., including 30 per cent. in cash, from the previous 30 per cent. including 10 per cent. in cash.

● Public Service Electric and Gas Company is offering to its Common Stockholders 3,510,934 shares of the Company's Common Stock at a subscription price of $14.40 per share. The subscription price is $1.225 less than the closing price on the New York Stock Exchange on Tuesday, June 10. The offering is being underwritten by a group of underwriters represented by Merrill Lynch, Pierce, Fenner and Smith.

● Carborundum has acquired all the common stock of Dilectrix, from Electronized Chemicals for an undisclosed amount of cash.

Dilectrix possesses unique technology for producing specialised cast films from fluorocarbon plastics. These films are used in wire and cable insulation, capacitors, heaters, and thermocouples. This acquisition represents another step in Carborundum's plan to bring its family of proprietary high performance plastics to the marketplace in the form of fabricated products.

● Mobil Oil Corporation's proposed capital and exploration outlays for 1975 will exceed the internal cash flow it expects to generate.

A Mobil spokesman said that energy industries will meet their huge capital requirements in the coming decade through financing programmes, but only if profits remain. He added that the industry has no windfall profits to fall back on.

● Forenede Bryggerier's Sw.Frs. 80m., eight per cent. 15-year loan was heavily oversubscribed, according to Schweizerische Bankgesellschaft.

● N.V. Bank Voor Nederlandsche Gemeenten said its Fls.100m. eight per cent. 25 year loan will be floated at par.

It reserved the right to raise the amount to Fls.150m.

● Kaerntner Elektrizitaetswerke (Kelag) is to float a Sch. 350m. 8½ per cent., two-tranche loan between June 18 and 20.

Both tranches will be issued at 97 per cent.; one will run seven years and the other will have a 15-year life.

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● A Rome tribunal has authorised Terni, the Italian state specialty metals company, to cut its registered capital to L18.6bn. from L26.5bn.

The operation was compulsory, because Terni had accumulated losses rfom 1965 through 1974 of L59bn., thus exceeding the capital. In the first quarter of this year Terni reported a loss of L13bn.

The tribunal also ruled that, effective from June 18, the par value of the company's 265.9m. shares would be reduced to L70 from L100.

● American Can is to manage Green Giant's can manufacturing operations. This will free up about $18m. a year. The arrangement enables GG to invest substantial capital in other areas of the business while meeting metal container needs.

● Electrobel shareholders have approved a B.Frs.2.1bn. 8.25 per cent. 12-year convertible subordinated loan at par to be issued on July 15. The issue comprises 325m. debentures at B.Frs.6,600 each.

● Levi Strauss is reorganising its management structure into three major groups, U.S., International and Corporate. The new group organisation will set up individual, clearly defined business entities that can respond promptly to changing conditions.

● The Austrian Parliament is expected to approve the retroactive merger of three nationalised refined steel producers aimed at expediting production, research, supply and investment activity. As the new bill found agreement in the competent parliamentary sub-committee its approval—making the merger retroactive as of January 1, 1975—seemed assured. The firm's name will be Vereinigte Edelstahlwerke. Firms affected by the merger are Gebrueder Boehler, Schoeller-Bleckmann Stahlwerke, and Steirische Gusstahlwerke.

Combined raw steel output of the three firms is about 317,000 tons annually. Last year, Boehler produced 143,000 tons, Schoeller-Bleckmann 102,000 tons and Sytira 72,000 tons. Boehler and Schoeller-Bleckmann also have a large share in final production.

● Copenhagen Handelsbank, Denmark's biggest commercial bank, has decided to resume arbitrage operations. The bank ceased arbitrage operations a year ago, shortly before the Herstatt crash, owing to the instability of the market, although it had not made any losses up to that point. The market is now settled down sufficiently to justify re-entering the market.

Pye Industries rights issue

● Pye Industries is to make a two-for-five issue of New shares at 70 cents premium each.

The issue of about 2.3m. shares will raise approximately $A2.7m. and will be used for additional working capital, particularly in financing planned expansion of colour television receiver manufacturing and marketing.

Directors said sales and profit continue buoyant. Sales for the first five months of 1975 are 63 per cent. higher than for the previous corresponding period.

The rising trend in profits reported at the annual meeting continued and profits for the full year will be significantly higher than the record profit in 1973, directors forecast.

The company will pay a final dividend of not less than 15 per cent. on the increased capital, they said.

Pye of Cambridge, through its subsidiary Pye Ltd., is the registered holder of 3,028,522 Ordinary shares in the company and indicated it will take up its entitlement to 1,211,408 stock units in full. The balance of 1,055,638 shares has been underwritten by Hill Samuel, Australia.

Algemene plans placing

AMSTERDAM, June 19.

ALGMENE BANK Nederland plans a private placing of nominal Fls.5m. in new shares at around the present Bourse price, in view of the recent acquisition by Algmene of the shares of Northern Commercial Trust of the U.K. Yesterday Algemene closed at Fls.323.50 per Fls.100 a share.

The bank is sticking to its earlier forecast of a higher 1975 profit. The earlier published profit growth of 11 per cent. in the first half of 1974 and of 25 per cent. in the second half of that year has apparently continued in the first five months of 1975.

Reuter

New Amoco agreement

BY MICHAEL TINGAY CAIRO, June 19.

AMOCO, the subsidiary of Standard Oil of Indiana, is negotiating a production sharing agreement with the Egyptian General Petroleum Company which will release EGPC from its participation agreements with GUPCO, according to reliable sources GUPCO, CMA the Gulf of Suez Petroleum Company, is the joint venture with EGPC with three off-shore oil fields in the Gulf of Suez.

If the negotiations are successful this will mean a saving to EGPC of about $10m. a year. The existing arrangement has cost Egypt $300m. since it was signed in 1963. It will bring GUPCO into line with the NES production sharing arrangements of which 26 have been signed with foreign oil exploration companies since 1973.

Woolworth sees gains

BOSTON, June 19.

F. W. WOOLWORTH expects 1975 consolidated sales will rise over 10 per cent. and this will produce higher profits than those in 1974, chairman Lester J. Burcham told a Press conference prior to the annual meeting.

In 1974, the company earned $2.14 a share on total sales of $4.2bn. In the first quarter, Woolworth earned $2.6m. or 6 cents a share, compared with $8.8m. or 27 cents a share.

Reuter

Kemanord aims at high return

By William Dullforce STOCKHOLM, June 19.

KEMANORD, the Swedish chemical concern, expects to maintain a return on equity capital before tax, of over 20 per cent. this year, despite an anticipated fall in profit and sales during the second half. Sales and profit results for the first part of the year have been roughly on the same level as that of last autumn. Writing in the group's house magazine, Mr. Ove Sundberg, the managing-director, maintains his earlier forecast of "some weakening" in the 1975 results compared with 1974. This in addition to lower inventory gains. "Satisfactory" profitability should, however, be attained.

Last year, Kemanord had an operating profit of Kr.280m. (£32m.) on a Kr.1.4bn. (£156m.) turnover and achieved a record return on equity capital before tax of 45 per cent. The profit, however, including inventory gains of Kr.45m., which are expected this year to fall back to the 1973 level of Kr.7m.

Kemanord's management believes it has to maintain a 20 per cent. return on equity capital before tax, if it is to compete successfully with the European and American chemical companies. On average, over the five-year period 1970-74, it did not reach this target but the 1974 result revived hopes of maintained profitability.

The annual meeting in April approved an increase in the share capital from Kr.182.5m. to Kr.273.75m. by a bonus issue of one-for-four and a new issue at a price of Kr.120 per share, which will bring in Kr.54.75m. in new capital. The aim is to increase available liquidity and to construct a base for further borrowing on the international credit market.

Statsfoeretag reduces 1975 profits aim

By William Dullforce STOCKHOLM, June 19.

STATSFOERETAG, THE Swedish State holding company, has reduced both its turnover and profit forecasts for 1975, following a sharper fall than anticipated in sales by its mining, steel and forestry companies during the first four months of the year. Mr. Per Skoeld, the managing director, says the cyclical downturn, which hit Swedish industry at the end of last year, appears to be more profound than expected.

He now predicts a combined turnover of Kr.8.5bn. (£945m.) for the 30 companies in the group compared with an earlier prediction of Kr.10bn. and pre-tax profits of Kr.600m. (£67m.) against an earlier forecast of Kr.1bn. If these figures are correct, 1975 would still be the second-best in Statsfoeretag's six-year history.

The group has already trimmed its ambitious investment programme for the year by Kr.200m. to Kr.1.7bn., and further cuts or postponements can be expected. The main investment, Kr.550m., was scheduled for NJA's new steel works at Luleaa.

The impact of the downturn has been felt mostly by the group's two key profit-earners, the LKAB iron ore mining company and ASSI, the forest products concern, which between them accounted for Kr.842m. of the group's Kr.987m. pre-tax profit last year. Also badly affected is NJA, which is in an expansionary phase but failed to make a profit last year. In contrast, some of the smaller companies, particularly in engineering, which Statsfoeretag had only just brought into profit, have been maintaining sales and earnings.

According to managing director Arne Lundberg, ore deliveries from the LKAB mines have dropped by 20 per cent. so far this year. The company is slowing down production but has also had to build up stocks to a worrying extent. Mr. Lundberg believes, however, there will be increased demand later in the year, as European steelworks' ore stocks are very low.

SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Amax 8½pc 1986	98½	99½
Ashland 8pc 1987	91	92
Austraswiss 8pc 1987	89½	90½
BFCE 9pc 1989	97½	98½
Borregaard 8½pc 1989	96	97
Carrier 8pc 1987	89½	90½
Conoco 8pc 1986	95	96
Consol Foods 7½pc 1991	87	88
Cutler Hammer 8pc 1987	91	92
EIB 9¾pc 1985	100½	101½
Esso 8pc 1986 Nov.	97½	98½
General Cable 8½pc 1987	88½	89½
General Motors 5¾pc '86	101½	102½
GTE 9¾pc 1986	96½	97½
ICI 7¾pc 1992	77	79
Nat. Grindlays 7¾pc 1987	77	79
Pacific Light 8pc 1988	90½	91½
Prov. of Quebec 7¾pc '86	58	59
Quebec Hydro 8½pc 1989	97	98
Queensland 8½pc 1987	88	89
Scanraff 8½pc 1988	95	96
Shell 8pc 1986	96	97
Stand. Oil (Ind.) 8¾pc '88	99	100
Tenneco 7¾pc 1987	86½	87½
Transocean 8pc 1986	97	98
TRW 8½pc 1986	95	96
Utah 8pc 1987	92	93
Volvo 9½pc 1983	99	100
NOTES		
Air France 9½pc 1982	101½	102½
Australia Ind. Dev. Co. 10½pc 1981	103	104
Barclays 7¾pc 1978	97	99
Cie Natl. du Rhone 10pc 1982	102½	103½
Du Pont 7¾pc 1979	101	102
Esso 7¾pc 1978	100	101
General Motors 8¾pc 1976	100½	101½
Marubeni 9¾pc 1982	101	102
Nippon Fudosan 10½pc '81	103	104
Skandinaviska Enskilda 10½pc 1991	101	104
Tenneco 7½pc 1978	[illegible]	[illegible]
Tokyo Curacao 10½pc '81	[illegible]	[illegible]

Source: White Weld Securities London.

CONVERTIBLES	Bid	Offer
Amer. Express 4¼pc 1987	87	89
Ashland 5pc 1988	80	82
Beatrice Foods 4½pc 1992	93	95
Beatrice Foods 4¾pc 1992	102	104
Borden 5pc 1992	88	90
Broadway Hale 4¾pc 1987	71	73
Canon Camera 7¾pc 1989	92	94
Carnation 4pc 1987	55	57
Chevron 5pc 1988	101	103
Dart 4¾pc 1987	88	90
Eastman Kodak 4½pc 1988	112½	114½
Economic Labs. 4½pc 1987	81½	83½
Eidal 7½pc 1989	98	100
Ford 6pc 1986	82	84
Ford 5pc 1988	74	76
Fuji 6½pc 1985	105	bid
General Electric 4¼pc 1987	84	86
Gillette 4¾pc 1987	80	82
Gould 5pc 1987	81	83
Halliburton 4¾pc 1987	127	129
Harris 5pc 1992	66	68
Hitachi 6¾pc 1984	102	103
Honeywell 6pc 1986	76½	78½
ITT 4½pc 1987	64	66
Komatsu 6¾pc 1984	172	bid
J. Ray McDermott 4¾pc '87	139	141
Mitsui 8¾pc 1989	146	bid
J. P. Morgan 4¾pc 1987	124	126
Motorola 4½pc 1983	113	bid
Owens Illinois 4½pc 1987	82½	84½
J. C. Penney 4½pc 1987	81	83
Pioneer 6¾pc 1989	127	132
Rand Selection 6¾pc 1986	100	104
Rank 4½pc 1993	43	45
Revlon 4½pc 1987	97	99
Sperry Rand 4½pc 1987	96	98
Squibb 4½pc 1987	84	86
Toshiba 6½pc 1985	123	bid
Union Carbide 4½pc 1982	101	103
Warner Lambert 4½pc 1987	[illegible]	[illegible]
Warner Lambert 4½pc 1988	[illegible]	[illegible]
Xerox 5pc 1988	[illegible]	[illegible]

Source: Kidder, Peabody Securities.

COMPANY NEWS

B & C Shipping tops forecast

WITH PROFITS of £16.11m. for 1974, before tax and exceptional items, British and Commonwealth Shipping has topped last November's forecast of a figure of some £15.4m.

Including exceptional items of £3.09m.—being profits on contracts completed in earlier years—the group pre-tax balance is shown at £19.19m., compared with £13.99m. for 1973. In that year completion of a large contract provided a profit of £1.13m.

Earnings per 50p unit are stated at 26.1p—including 4.1p in respect of the exceptional profit—compared with 20.72p. The effect of including the results of associates would be to raise earnings to 30.95p (24.44p).

The dividend is being lifted from 6.3732p to 6.9375p net, with a final of 4.09p.

	1974 £000	1973 £000
Gross revenue	147.900	115.900
Trading profit	25.503	19.776
Exceptional items	3.086	—
Depreciation	11.151	8.850
Interest paid	1.577	1.215
Operating profit	13.581	9.782
Shipping	5.078	6.695
Air transport, etc.	2.398	1.071
Aviation support	3.517	1.396
Office equipment	930	624
Marine and aviation loss	120	*200
Other activities	268	835
Leisure loss	1.658	2.312
Other income	5.615	4.257
Portfolio investments	2.566	2.231
Associates	748	613
Other investments	1,760	1.383
Interest received	3.943	2.969
Less interest paid	3.403	2.889
Profit before tax	19.196	13.989
Taxation	9.178	6.110
Net profit	10.018	7.879
Minorities	1,355	963
Extraordinary debits	1.498	†201
Dividends	2.452	2.279
Retained	4.709	4,547

* Profit. † Credits.

Underwriting profit of the Scottish Lion Insurance Company—£773,000—for the underwriting year 1972 has been carried forward in the marine and aviation insurance fund, in view of the deterioration in the underwriting climate in 1973 and 1974. To strengthen this fund £200,000 has been carried forward from the profit and loss account.

A taxable profit of £80,000 arose from a new investment in an underwriting syndicate held through the group's wholly-owned subsidiary, Marine Indemnity Insurance Company of America.

As regards the leisure industry loss the directors explain that the industry again suffered from an overprovision of facilities, compounded in the case of the group's inclusive tour activities by the failure at the height of the season of their principal carrier.

Profits attributable to the group in respect of its 38.1 per cent. holding in Safmarine and 36 per cent. holding in its subsidiary, Aero-Marine Investments (subsequently reduced from 36 per cent. to 28 per cent. after the final dividend for the year to June 30, 1974) were £4,174,000 (£2,839,000) after tax.

On prospects members are told that while for group activities as a whole profits are holding up reasonably well, it is still too early to assess the current year's outcome.

See Lex

Sanderson Keyser's outlook

In his statement at the annual meeting of Sanderson Kayser the chairman, Mr. N. C. Macdiarmid, said that "although at the beginning of the year I had reasonable hope of being able to maintain further satisfactory growth in the company's business, since then the generally depressed economic situation and the inability of Government to make any effective impact on the growing rate of U.K. inflation, is having its effect on our order intake situation especially in the Steel Division. In the Finished Products Division, order in-take had held up better, at a level sufficient to sustain full time working in the majority of departments.

"The overseas companies had produced enhanced results in the early months of this year. The set-back in U.K. demand for steel, at a time of more stable transport and shipping facilities, had enabled the tonnage and flow of supplies to overseas warehouses to be improved.

Mr. Macdiarmid described the outlook for the rest of the year as "never having been more obscure."

Meeting Page 25

Caledonia up by £0.16m.

AFTER a second half advance from £0.89m. to £1.07m., pre-tax profit of Caledonia Investments, which has a substantial stake in British and Commonwealth Shipping, was up from £2.12m. to £2.28m. in the full year to March 31, 1975.

At half-way the directors forecast that group profit after tax and minorities would "approximate" that of the previous year. The year-end figure is £1.46m., against £1.48m.

Stated earnings per 25p share are down from 8.12p to 7.98p. A final dividend of 4.61p net raises the total from 5.787p to 6.307p.

Turnover of subsidiaries increased from £2.32m. to £3.89m.

	1974-75 £	1973-74 £
Dividends and int.	2.330 299	2.112 634
Group trading profits	224.095	325.682
Depreciation	70.000	60.328
Interest paid	226.715	202 500
Management expenses	75 505	53.461
Pre-tax profit	2,282.116	2.119.527
Tax	813.595	609.605
Net profit	1,469.521	1.509 922
Minorities	12.217	26.604
Attributable	1.457.304	1.481.318
Dividends	1,162 532	1.070.979
Retained	294.772	410.339

Northern Securities

Profit before tax of The Northern Securities Trust advanced from £135.453 to £171,433 during the year ended April 5, 1975. Gross income was up from £318,251 to £339,015.

A final dividend of 1.75p net keepts the total at 2.45p.

As at April 5 the net assets, including the full investment dollar premium, were equivalent to 97p per 25p share, against 117p.

	1974-5 £	1973/4 £
Gross income	339.015	318.251
Net profit	169.533	135.453
Tax adjustment	1.600	—
Pre-tax profit	171,433	135,453
Tax	72.998	47.732
Net profit	95.475	87.721
Dividends	95 069	95.089
Retained	2.346	†7.286

† Decrease.

Improvement at Cullen's

The satisfactory result expected by Cullen's Stores for the year to February 28, 1975 turns out to be an advance in taxable profits from £333,040 to £362,253 after £162,779 against £147,206 for the first half.

The dividend total is lifted from 3.5475p to 3.82p net with a final of 2.5p.

Turnover rose from £7.45m. to £9.5m. Tax took £199,000 (£181,176), leaving £163,253 compared with £151,863.

'Grounds for confidence in future growth'

S. Spiro, *Chairman*

The following is the statement by the Chairman

The year was marked by continued high rates of inflation accompanied by a reduction in industrial activity and a notable decline in commodity prices, particularly for base metals. In these circumstances it is gratifying that Charter's profits before tax and extraordinary items were the highest ever achieved at £27,936,000. Earnings after taxation amounted to £17,206,000, equivalent to 16·42p per share, compared with 15·16p last year.

Investment income increased by almost exactly one third to £17,699,000, reflecting the continued growth in earnings from Charter's overseas interests in gold, diamonds, tin, and other minerals, both direct and indirectly through other mining finance houses.

Our industrial companies achieved a substantially greater turnover during the year, but under the counter-inflation legislation were unable to recover in full the effect of cost increases, so that the previous level of profits could not be maintained. A further effect of inflation is the continual increase in the working capital requirements of the industrial companies which is reflected in higher borrowings and interest costs.

The charge for prospecting was £2,163,000. The greater part of the increase over last year's figure of £919,000 arose from Charter's share of the cost of the exploration well sunk on block 210/19 in the North Sea.

Apart from the gold mining sector, stock market prices were very depressed in 1974, and in these circumstances the achievement of a profit of £2,124,000 on realizations is considered satisfactory.

Market prices have since recovered somewhat, and at 31 March 1975 the value of our net assets was £302,020,000, equivalent to 288p per share, compared with £361,833,000, equivalent to 345p at 31 March 1974.

A substantial improvement in profits was achieved by our associated companies, and the retained earnings attributable to Charter, after taking into account dividends declared, increased from £3,109,000 to £5,965,000.

An agreement was reached with the Mauritanian government whereby Société Minière de Mauritanie (SOMIMA) was taken over entirely by the Mauritanian state mining organisation, and SOMIMA has ceased to be an associated company. Charter, in conjunction with the Mauritanian government and other shareholders, was obliged to meet its liabilities as guarantor of certain of SOMIMA's loans, at a cost of £8·7 million, and in addition to accept as a loss loans totalling £2·7 million made to SOMIMA between September 1974 and January 1975. These amounts, representing the remaining balance of Charter's investment in SOMIMA, have been written off in the accounts for the year under extraordinary items.

The net deficit from extraordinary items amounted to £8,333,000 after making the appropriate provision in respect of the fall in the exchange rate of sterling and taking credit for the surplus from extraordinary items of associated companies.

Raw materials

The action of the principal oil producing countries in imposing a massive increase in the price and being prepared to sustain national policies if necessary by the restriction of supplies has undoubtedly influenced thinking and attitudes to raw materials generally. A tendency is growing for natural resources to be regarded as available primarily to serve national aspirations and needs, with little consideration for the contribution of those who provide the skills and capital and assume the risks in discovering and developing new sources of supply.

The terms on which mining concessions are granted or new developments permitted have become more onerous, not only in the developing countries but in the industrialized nations as well. Mining companies in some important instances have been obliged to accept unilateral modifications, or even abrogation, of agreements freely entered into soon after the finance has been provided and fully expended and the project has come on stream.

It is the business of mining companies to seek rewards for their skills and capital by assuming a risk element in new ventures, but inflationary pressures have increased costs to such an extent that pre-production expenditure may in many cases involve raising funds in excess of half a billion dollars for a single project.

The raising of finance in these circumstances and on these scales presents considerable problems, particularly at a time when there has been a serious deterioration in financial markets as a result of the combination of inflation and recession, currency instability, and the disturbance caused by the massive transfer of funds to the oil producing countries.

There has already been a sharp falling off in exploration expenditure and new development which, if allowed to continue unchecked, is likely to cause potentially serious supply shortages in the industrialized, consuming countries, and we particularly welcome in this context the initiative taken by the European Economic Community in drawing attention to the political, social, and financial problems involved. The pricing of commodities, and the means of achieving the greater stability which is much to be desired in the interests of producer and consumer alike, has been receiving consideration at international level and in particular at the recent Commonwealth Prime Ministers' Conference.

The decline in economic activity throughout the industrialized countries led to a substantial drop in the prices of base metals, with the exception of tin and wolfram. The price of copper was seriously affected by the downturn in demand, falling from a peak of £1,400 per ton in April 1974 to the present critically low levels of £500–£550 per ton. With the reduction in the purchasing power of money and the lower value of sterling against other currencies, the effective drop is even greater than these figures suggest.

A marked run-down of inventories by consumers has taken place which has had an important influence on the price. This is a process which cannot continue indefinitely and is subject to reversal when the appropriate changes in economic conditions occur. Anti-recessionary measures are being taken in a number of countries, primarily to combat unemployment, and there is thus reason to expect an improvement in industrial activity in the foreseeable future. The current price of copper is below the cost at many existing mines and well below the cost at which new production can be brought in. The persistence of these price levels is not only likely to bring about supply shortages in the next decade but would have a most harmful effect on the economies of producing countries.

Associated resources companies

In addition to its direct mining interests, Charter participates in projects indirectly through shareholdings in associated companies of the Anglo American Corporation group for which personnel of both Charter and Anglo American provide services. During the year a number of important new business interests have in this way been acquired.

A major expansion and diversification scheme was carried out by Minerals and Resources Corporation (MINORCO), the main investments of which were formerly centred on the Zambian copper mining industry, by the acquisition, in exchange for shares, of a stake now amounting to more than 30 per cent in Engelhard Minerals & Chemicals. Engelhard, in which the Anglo American group has long held an interest, has recently shown a remarkable rate of growth, with earnings rising from some $36 million in 1972 to $110 million in 1974.

MINORCO, of which Charter holds 20 per cent, has now built up a well balanced range of investments in mineral resources and is well placed to develop further as an international raw materials company. It has a promising interest in oil through Trend Exploration which has achieved a marked success in discovering and establishing a new oil field in Indonesia. Production there is being expanded considerably and sales are expected this year to reach 100,000 barrels per day.

We have a further indirect interest in Trend, through Anglo American Corporation of Canada Limited (AMCAN) in which Charter's stake is just under 25 per cent.

MINORCO and AMCAN have together acquired a joint participation amounting to some 30 per cent in a well established United States copper enterprise, Inspiration Consolidated Copper Company, having a fully integrated operation in Arizona including mines, smelter, and refinery, also with toll treatment facilities, and a rod fabricating plant. It has substantial reserves of copper capable of further development. AMCAN and Hudson Bay Mining and Smelting, in conjunction with the Mexican government and Mexican private interests, are proceeding with the development of the La Verde copper deposit in Mexico which has reserves estimated at 80 million tons grading 0·7 per cent.

Through Anglo American Corporation do Brasil, Charter has an interest in the oldest gold mining operation in Brazil, Mineração Morro Velho, where production is to be significantly increased.

These new interests represent further diversification and in due course should contribute to the growth and development of Charter.

Société Minière de Tenke-Fungurume

Considerable progress has been made with design engineering and construction work on the Tenke-Fungurume project in which Charter is participating in an international consortium including the government of Zaire. Inflation has made a severe impact on costs, and after allowing for contingencies the total capital cost up to the commencement of the production phase is now estimated at $660 million. Negotiations for the raising of the third party loans have proceeded well, but with the complicated nature of the international project finance and the economic constraints generally affecting markets it has necessarily taken a long time.

In the meantime, in order to achieve the earliest possible production date, estimated to be in the second quarter of 1978, work has continued and has been financed by shareholders directly or under guarantee. Some $110 million has been spent to date.

The project is fortunate in having very large reserves of copper with a grade of 5·7 per cent. This places it in the category of one of the richest unexploited deposits in the world. Although it is located a long way from export outlets on the coast, and the capital cost of providing infrastructure items such as housing, roads, schools and other services will be heavy, the high copper content of the ore should enable the mine to produce at a very competitive price. With a production target of 130,000 metric tons refined copper per annum, it is one of the few major new projects going ahead at this time.

Cleveland Potash

The construction and development phase of the Cleveland Potash project in Yorkshire has taken rather longer than was originally expected due mainly to problems in sinking the shafts through difficult ground. The very high rate of inflation combined with the delays has resulted in the cost of the project rising to £47 million. To meet the additional costs and to fund the bridging finance the company has obtained a medium term loan from Barclays Bank Limited of £18 million, in addition to overdraft facilities.

The equipping of the second shaft is virtually complete, and the availability of the full shaft system will enable production to be progressively built up over the next twelve months.

Mining plans have had to be adjusted somewhat in view of the geological conditions experienced underground, and there are indications of some irregularities in the potash seam which will call for flexibility in mining.

There may be some falling off in the demand for fertilizers resulting from higher prices occurring at a time of financial stringency, but in the medium and long term the market for potash is likely to remain strong. Cleveland should be well placed to compete as a supplier, and at current potash prices Cleveland would produce in a year of full production a gain to the United Kingdom balance of payments of over £40 million.

Malaysia

Our tin mining interests, held mainly through the Tronoh group, performed well and with the substantially higher tin prices prevailing achieved significant increases in profits.

Recently the tin price has fallen from an average of £3,367 per metric ton in 1974 to £2,909 per metric ton at the end of April 1975, and the International Tin Council has imposed restrictions on output in an attempt to stabilize the price. Malaysia is not escaping inflation, and increasing mining costs coming at a time of lower tin prices make the outlook less favourable than it was last year: nevertheless, the operations are expected to show satisfactory profits overall this year.

The joint venture agreement between Tronoh and Perak State Development Corporation has been under consideration by the Malaysian federal authorities. Further discussions have been called for and this has caused some delay. The construction of a new, high capacity dredge to work the area adjacent to the existing Tronoh leases has had to be postponed for the time being.

Prospecting and evaluation of the very large tin bearing area held in conjunction with the Selangor State Development Corporation has continued during the year. A feasibility study is now being carried out together with further work including additional prospecting, and investigations are in progress into the design of suitable dredges and stripping equipment to work the reserves.

Beralt Tin and Wolfram

The Portuguese operating subsidiary of Beralt Tin and Wolfram had a good year and sold more than twice as much of its principal product, wolfram, as in the preceding year, mainly because of continuing buoyancy in the wolfram market and strong demand for the company's high quality concentrate. Since production remained virtually at the same level as in 1973, some forty per cent of sales were met from the stockpile built up in the previous two years when prices were low, thereby reducing stocks to more normal levels.

As a result of the high sales volume and improved wolfram prices, the mining company managed in a year of severely escalating costs to earn profits of over £3 million before tax, compared with a loss of £115,000 in 1973. However, the parent company in the United Kingdom is unable to declare a dividend until consent for the remittance abroad of its share of the subsidiary's dividend has been received from the Portuguese authorities.

Although the price of wolfram has for some time been reasonably steady at the higher levels, it has traditionally been subject to wide fluctuations which are harmful to both producer and consumer. The support given this year by the United Nations Conference on Trade and Development to the efforts for securing a greater measure of price stability and the elimination of undue troughs is, therefore, very welcome, but it will be of little help to any producer unless wage inflation is curbed before the margin between costs and selling prices renders mining operations uneconomic.

Société Minière de Mauritanie

From the beginning the relatively small scale operations of SOMIMA experienced a series of difficulties, but through the determined efforts of all concerned, in particular those working under the unfavourable climatic and other conditions at the mine, the technical problems were overcome and a consistent rate of production was achieved, although this was somewhat below the original forecasts.

The high cost of treating the oxide ores, and other charges involved in the production of concentrates, combined with very large debt service charges, nevertheless meant that there was little potential for positive cash flow even when the copper price was high. The dramatic fall in the copper price that occurred in 1974, together with inflation and the massive increase in fuel oil costs, brought about a substantial deficit on operations.

Closure of the mine would, however, have involved heavy expenditure and created serious hardships, and the Mauritanian government was therefore determined to keep the mine operating while at the same time seeking a long term solution. In the circumstances Charter agreed to contribute, with the Mauritanian government, additional loan funds necessary to meet current payments.

SOMIMA has now been taken over entirely by the Mauritanian state mining organization, and Charter in conjunction with other shareholders was obliged to meet its liabilities as a guarantor of certain of SOMIMA's loans at a cost of £8·7 million and to accept as a loss loans made during the year of £2·7 million.

A spirit of co-operation and understanding has prevailed throughout in our relationship with the Mauritanian government and we believe that the ultimate solution was the best attainable in the circumstances.

North Sea oil

In the latter half of 1974 the consortium led by Home Oil of Canada, in which Charter is a major participant, drilled its first well on block 210/19 without encountering any significant oil shows. The information gained from this well is being studied and appraised, together with other geological information available, and consideration is being given to the sinking of a further well on this block.

The rapid development of North Sea oil is of the utmost importance to the economy of the United Kingdom. The capital and other costs of obtaining this oil will be very high and the risks involved considerable. A reasonable and consistent government policy is therefore essential if the full potential of the field is to be realized.

Cape Industries

Our principal industrial subsidiary, Cape Industries Limited, reported lower profits, although group turnover rose substantially. The decline in profits resulted from increased costs of production, pressure on margins because of price controls, higher interest charges, and, in particular, continuing problems at the amosite mine at Penge where a loss was made in 1974.

The increase in working capital during the year was a major drain on liquid resources and resulted in a sharp rise in the company's indebtedness. However, measures are now being taken to ensure that the total indebtedness is contained at reasonable levels.

Demand for most of the company's manufactured products remained strong throughout the year, and with progress being achieved in overcoming technical mining problems there was a marked improvement in profitability in the second half which has continued into the current year. Overall, trading in the first quarter has exceeded the budget and shows an improvement over the same period last year. With the economic uncertainties, it cannot necessarily be assumed that results for the rest of the year will be as good as in the first quarter, but we believe that, given reasonable conditions, the prospects for the resumption of a growth trend are good.

Elastic Rail Spike and Heatrae

The Elastic Rail Spike and Heatrae groups suffered severely during the year from inflation and price control, in spite of achieving important working economies. Heatrae, with 85 per cent of its sales in the United Kingdom, was affected adversely by the reduced activity in the building trade.

A successful offer was made for Sadia Limited, which has a similar business to that of Heatrae, and a reorganization and rationalization of the electric water heater production of the two groups has since been carried out. It is difficult to predict how far the Heatrae/Sadia group will be able, in 1975, to reap the full advantage foreseen in the merger, which created the largest integrated electric water heater enterprise in the United Kingdom. The expanded group, however, is well placed to benefit from any revival of markets for heating equipment conforming to the needs of national energy-saving policies.

Elastic Rail Spike, which now exports 40 per cent of its production from the United Kingdom enjoyed buoyant markets at home and abroad, but its output was somewhat limited by shortage of the special steel used in the manufacture of railway track fastenings.

The outlook for the group is encouraging, particularly in view of its emphasis on export growth and the increasing profit contribution expected from its subsidiaries in Australia and also in Canada where the manufacture of rail fastenings began in May this year. Elastic Rail Spike is to be congratulated for the British Design Council award which it received in 1974 for technical innovation.

Outlook

Inflation in the United Kingdom is now running at a rate seldom experienced outside Latin America, and there is little indication that the measures so far taken or contemplated will be effective in dealing with this very serious problem. If inflation continues unchecked, the ability of industry in the United Kingdom to achieve the export earnings necessary to pay for our essential imports of food and raw materials will be seriously threatened. Unemployment will rise, standards of living must fall, and our whole industrial and economic structure will be imperilled.

Mining costs, and in particular the capital costs of plant and machinery, have risen substantially throughout the world, and at the same time a recessionary cycle persists and most metal prices are at depressed levels. Charter is fortunate in drawing its income from many different and diverse sources, and this in the aggregate provides some protection against the impact of adverse conditions in individual areas of activity. The very low price prevailing for copper will materially reduce our earnings from this source, but income from gold and other overseas mining interests is likely to remain strong. Earnings from our industrial interests will be influenced by the way in which the fundamental issues now confronting the United Kingdom are dealt with, but results for the beginning of this year have been somewhat better than expected.

Indications suggest that the profits overall attributable to Charter should be maintained in the current year. Our inherently strong investment position, combined with the new developments being pursued both by ourselves and through our associated companies, provide good grounds for confidence in Charter's future growth and expansion.

Shareholders will doubtless wish to join me in expressing our gratitude to all members of the Staff for the great contribution they have made to our operations both at home and abroad. The achievements of the Company are due, largely, to the loyalty and perseverance of the Staff.

Charter Consolidated Limited

Copies of the Annual Report and Accounts and Chairman's Statement can be obtained from 40 Holborn Viaduct, London EC1P 1AJ, or from P.O. Box 102, Charter House, Park Street, Ashford, Kent TN24 8BQ.

The Property Market

BY JOHN TRAFFORD

Still plenty of life in Brussels offices

THE Brussels office investment market is not dead; and British developers are not agreeing to any rental named by a potential tenant. Those are two conclusions to be drawn from a recent visit to the European capital.

First, the question of investment. The prime office developments are in demand from institutions of all sizes—some of them foreign—and from individuals who are willing to buy the flying freehold of a floor or part thereof (very much a Belgian habit).

The largest recent deal was the sale by Amalgamated Investment and Property's Belgian subsidiary of its 56,000 square foot development on the corner of Avenue des Arts and the Rue Joseph II to Assurances Génèrales — Belgium's largest insurance institution—for about £3m.

AIP bought the block from Sibo Berheim-Outremer, a local development subsidiary of the Bank Lambert in 1971 during construction. The building is now fully let to tenants who include the Sumitomo Bank, the Spanish, Guyanian and Sri Lanka embassies, the Belgian Ministry of Trade, Metallurgie Hoboken, the Bank of Dallas and Usinor-Vente.

The importance of the small investor in the Brussels office market is underlined by Ernest Ireland's office development on the corner of Rue Belliard and Rue d' Ardenne. The building has been fully let to the Belgian Ministry of Employment and the floors purchased by individuals.

In both deals, the developer was represented by Jones Lang Wootton who continue to remain bulls of the Brussels office market. They appear anxious to counteract the views put out by their rivals Richard Ellis, whose agency work is largely centred on the more difficult Avenue Louise area of the city. In April Richard Ellis reported that the low level of lettings in the first quarter of 1975 plus the present office oversupply have led to a decline in office rentals.

Not so, according to Jones Lang Wootton who say they let 131,000 square metres of Brussels office space last year (out of a total which different people estimate between 150,000 and 300,000 square metres) and expect to do the same or even more again this year. Richard Ellis counter this with an estimate that 339,000 square metres of office space will come on to the Brussels market this year so an oversupply and most probably a substantial one is likely to arise this year.

The crucial point is the location of the oversupply. Jones Lang talk of potential tenants coming to see them and demanding office space at B.Frs.2,000 a square metre "or less." When they are told that such space can only be obtained in the less favoured business areas of the city or in certain buildings with a poor reputation, they get indignant. Whatever the initial reaction, the agents report that rents as high as B.Frs.4,000-4,500 a square metre have been obtained recently in the Hammerson building in the Boulevard du Regent (the other name for the Avenue des Arts). Certainly, the realistic companies can eventually be talked into paying these higher prices which are almost ludicrously low by comparison with London or Paris. Typically rent only represents 7-8 per cent. of office outgoings in Brussels, compared with around 30 per cent. in Paris.

Wrangle over rent levels

THE divergence of views between the two agents over rent levels remains, however. Richard Ellis talk of B.Fr.3,500 a square metre in the Arts/Régent area while Jones Lang see rents anything up to B.Fr.1,000 higher than that. In the Avenue Louise, Richard Ellis report rents of around B.Fr.2,750 a square metre while Jones Lang cites at least one major deal of B.Fr.3,250 a square metre. I doubt whether the two will ever agree since both can cite examples to prove their case and dismiss the contradictory evidence as atypical.

One explanation comes from Teixeira de Mattos, the Jones Lang boss in Brussels. "There are five or six buildings which developers are desperate to let. These must be taken up before the market will look better."

The agents' optimism over rents is also to be found in the office block housing their own headquarters, the 11,000 square metre Arts Centre developed by Herpain on the corner of the Avenue des Arts and the Rue Joseph II. The building is now 70 per cent. let and recent transactions include a letting of 1,913 square metres to accountants Peat Marwick Mitchell.

The pattern of demand for office space seems clear enough. In the Avenue des Arts area, foreign governments and quasi-official bodies, Belgian government departments and international companies have all shown a strong interest. Only recently the Chinese came to the market for space for 350 people. The same cannot be said of the Avenue Louise where little official or government interest has been evident.

Investing in agriculture

LOWER land values and the prospect of higher yields is boosting institutional interest in agricultural land investments. The Guardian Royal Exchange's subsidiary British Field Products has bought the 7,254 acre Nocton Estate in Lincolnshire from the Smiths Food Group for an undisclosed price probably around £3.2m. This is one of the largest in-hand farms sold with vacant possession for many years.

The second deal concerns part of Priory Farms, Nun Monkton near York, which comprises 1,136 acres. Neither purchaser nor price are mentioned by Strutt and Parker which acted for the vendors in both cases.

It seems that the institutions are waking up to the potential of agricultural land—and so they should, according to Robin Maylim and Tim King of Velcourt, the partnership farming people.

Two reasons above all have discouraged institutional investment in the past: low yields and the problems of managing agricultural operations effectively. Within the past few months, however, Velcourt has found itself in serious discussions with two leading institutions interested in buying up large packets of agricultural land and getting Velcourt to manage them. One deal envisages the purchase of around 750 acres at about £450 an acre (total cost £330,000); the other deal is very much larger.

This interest is clearly welcome to Velcourt and to the other companies which offer an agricultural management service. Working capital has quadrupled in the past four years and this has been something of an embarrassment to Velcourt which has until now provided the working capital. The institutions, unlike private landowners, have the funds not only to buy land but also to supply the now very large sums needed for working capital.

The deal that Velcourt proposes with them seeks institutional funds for working capital but is otherwise similar to deals with private landowners. It undertakes to manage the land for a fee and half the profits.

The figures of one of the institutional deals now being discussed make interesting reading. Apart from the £450 which each acre will cost to purchase, there is a £140 an acre requirement for working capital (supplied by the institution).

Under current circumstances, a farming profit of £66 an acre is possible before charging rent and interest on the loan for working capital. The institution as landowner will receive £23 an acre in rent and get 13 per cent. on the money which it has loaned for use as working capital.

Velcourt plans to take £7 an acre in management fees and 50 per cent. of the profit remaining after rents, interest and fees. This works out as a yield of around 8 per cent. for the institution (5-5.5 cent. from the rent and finance part and the remainder from a half share in the profits). If such yields can be achieved in practice, institutions could well show considerable interest with the prime office yield at present well below 8 per cent.

Another bull point is the political one. Commercial and industrial land is a political cockpit but it is hard to imagine the Government discouraging institutional investment in something as economically important and environmentally attractive as efficient food production.

Leicester signs up

THAT controversial office sale to Leicester City Council was completed yesterday. The council has bought the freehold of the 214,000-square-foot New Walk Centre from the developers Land and House Property Corporation and the British Steel Corporation Pension Fund for £5,220,000. The building was started in early 1972 and finished at the end of February. Terms for the sale to the council were, in fact, agreed before the building had been finished.

With rentals for good office space in Leicester currently running at around £1.75 a square foot, the deal represents an initial yield of around 7.15 per cent. Barrington Laurance acted for the vendors.

Land and House has achieved progress in the past 12 months in its provincial office programme. It has let two offices in Glasgow, two in Northampton, one in Bradford and one in Cheltenham. The only remaining space is about 30,000 square feet in Nottingham.

OUT AND ABOUT

● Slough Estates has bought out Mackenzie Hill's interest in their joint subsidiary Anglo French Industrial Developments for £463,790. The company has developed a number of industrial sites in France including 25 acres at l'Isle d'Abeau east of Lyon—and a site at Evry-Lisses south of Paris. The company has also built and let 377,000 square feet of industrial space at Colombes and Bures-Orsary near Paris. News of the deal was contained in Slough's recent annual report.

● Hammerson Boz has sold its newly constructed 3,550 square metre office block at 11-13 Rue de Monceau, Paris, to Societe CFDFT, the French textile company. The purchasers were represented by Cabinet Menne de Chirac and Matthews and Goodman while Hampton and Son represented the vendors.

● General Accident Fire and Life Assurance has bought the freehold of 33/49 Victoria Street, Bristol, a 49,000 square foot office block, for £1.2m. The sale was subject to recent lettings to Carreras Rothman and Commercial Union who occupy most of the fifth and sixth floors. The balance of 32,000 square feet will be occupied by General Accident. Herring Daw represented the vendors, Albert Court Properties.

● Great Portland Estates have bought the long leasehold of a 24,000 square foot office building at 75/77 Margaret Street, London, W1 for around £600,000. The building is let to well-known tenants and public companies. Edward Erdman acted for the purchasers.

● The airfreight operators Rankin Kuhn (Freight) have taken a new 13,700 square feet warehouse and a separate 5,800 square feet office block on the Great South West Road near London Airport. The rental agreed was around £1 a square foot for the warehouse and £3.50 for the offices. Letting agents for the developers, Lyon Group (Southern) were King and Co. Rankin Kuhn were represented by Keningtons.

● Rents of about £1.45 a square foot have been achieved on the letting of two units of Arrowcroft Investments' £2m. industrial development at Brentford to Alfred Dunhill and another unit to Findlay Durham and Brodie. The three units, the last to be let in the 165,000 square foot development, provide a total area of 35,000 square feet of refurbished space. They are part of a 5.2 acre industrial development by Arrowcroft fronting Windmill Road. Joint letting agents were Grant and Partners, Hillier Parker May and Rowden, and Harold Williams and Partners.

● V. A. T. Watkins (Properties) the Enfield building contractors have bought the freeholds of 39/40/41 Paddington Street, 55/67 Chiltern Street and 6/7/8 Kenrick Place in London W.1. It is hoped eventually to redevelop the site, which is nearly 9,000 square feet for offices, shops and residential premises. Present income is just under £15,000 a year. Dalton Harding, who acted for the purchasers, estimate that the block would have been worth over £500,000 at the height of the market.

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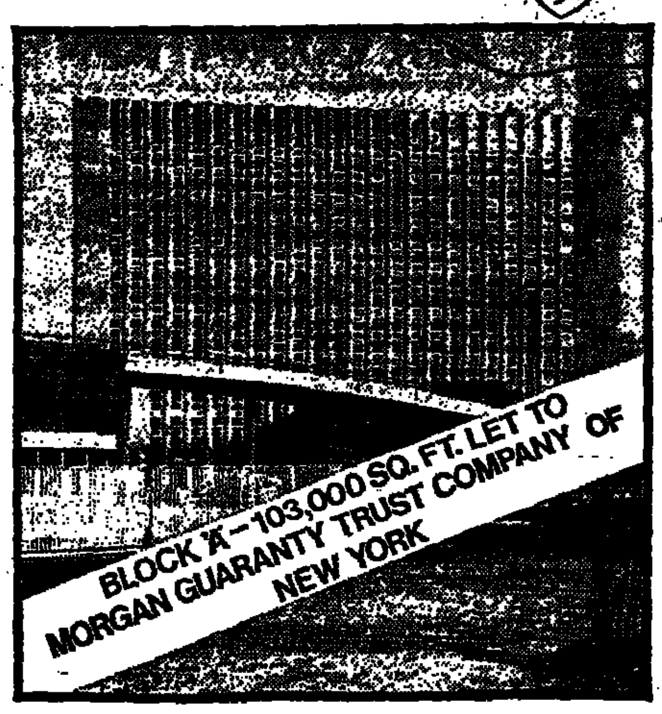

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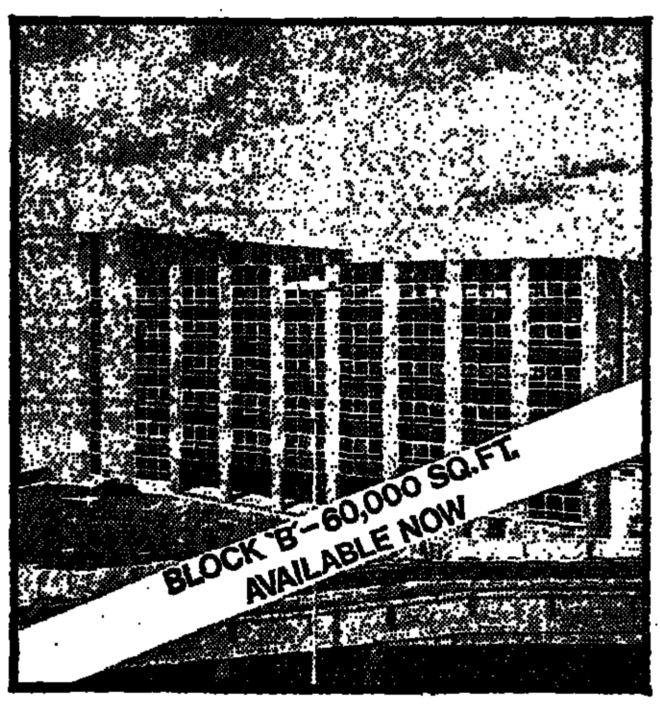

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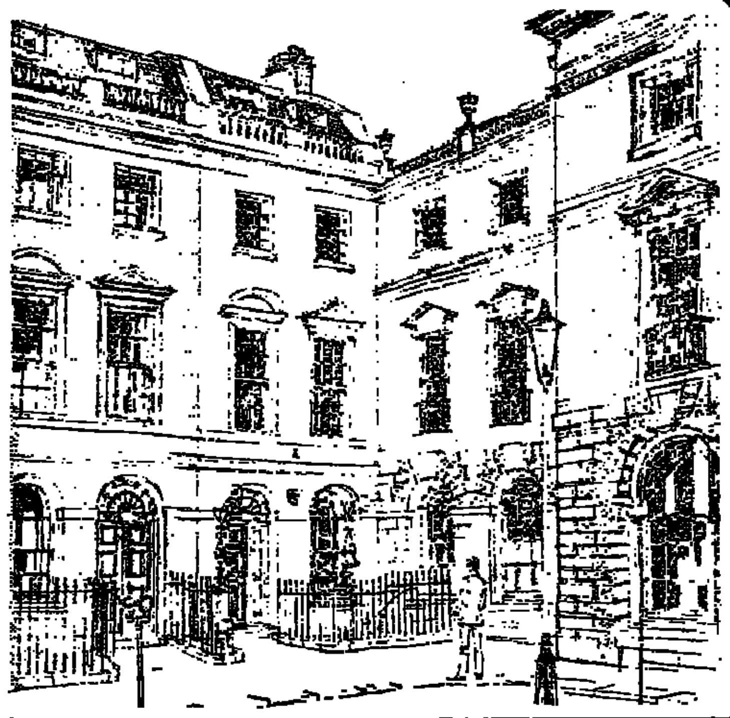

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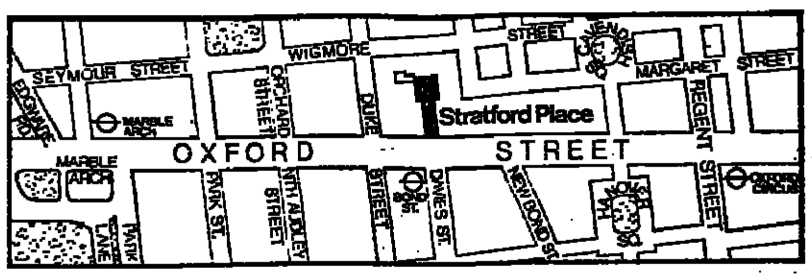

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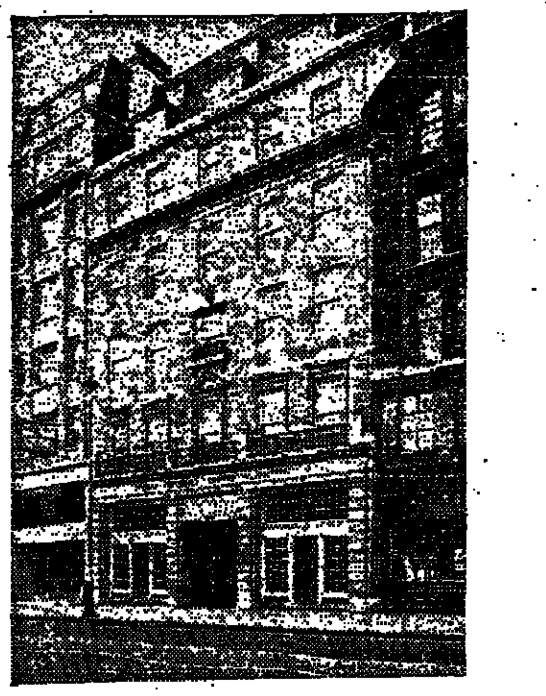

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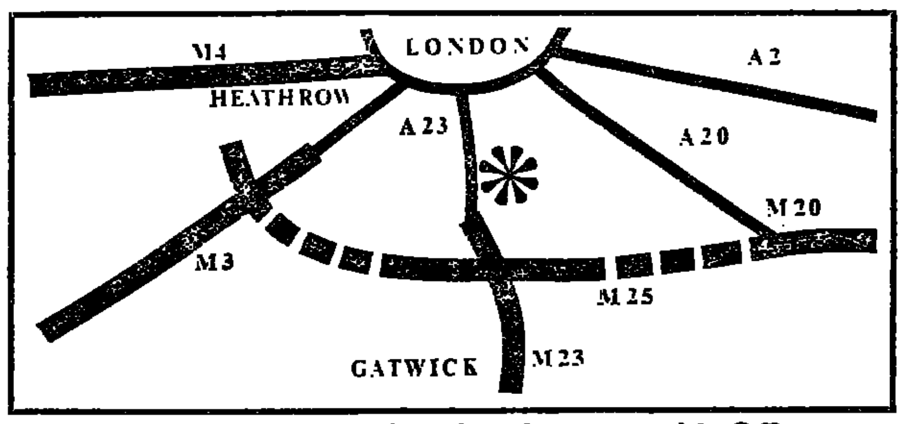

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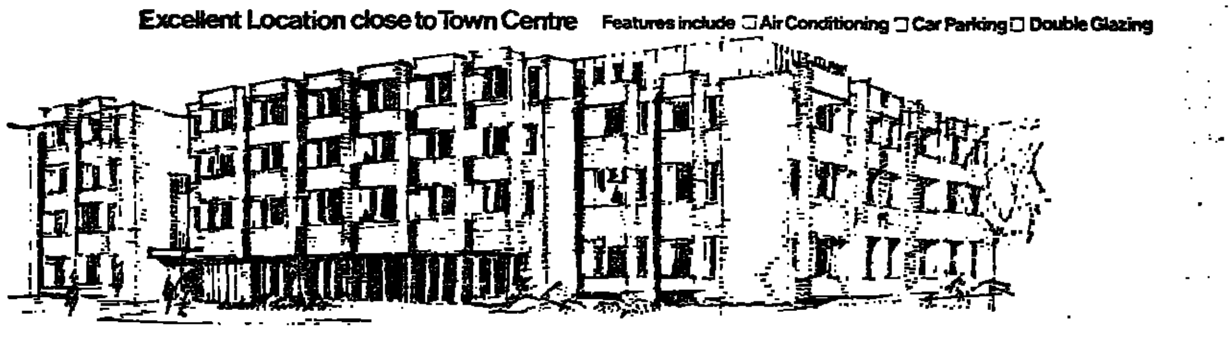

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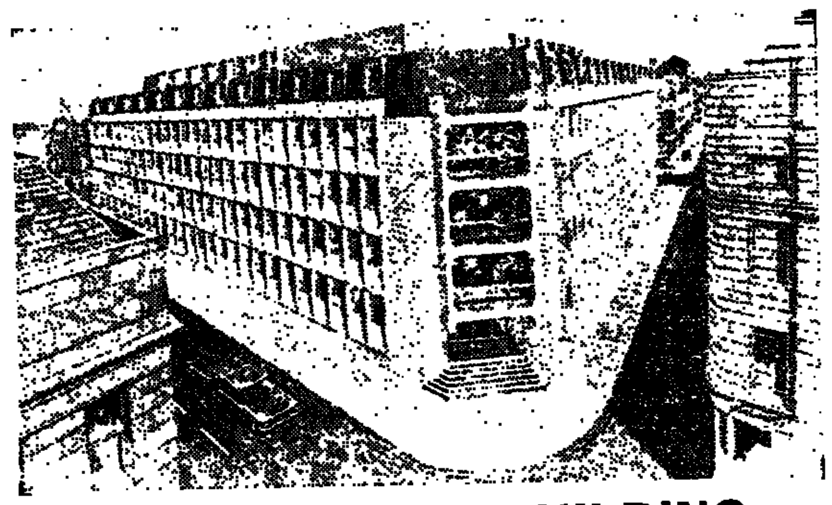

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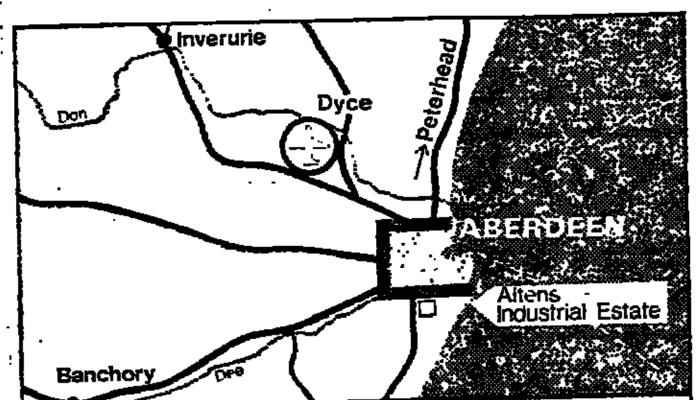

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CAMBRIDGE THEATRE. 836 6056. Michael DENISON. Derek GRIFFITHS. Val PRINGLE. Norman BEATON in *THE BLACK MIKADO* "THE BEST MUSICAL OF 1975 AND PROBABLY 1976 and 1977 AS WELL." S. Times. Evs. 7.30. Mat. Tu. Sat. 2.30.

CHICHESTER 0243 86333. Tonight and June 21, 25 at 7.0. CYRANO DE BERGERAC "Jose Ferrer's Carnival Production triumphs." D. Ex. June 23, 24 at 7.0. June 21 at 2.0 AN ENEMY OF THE PEOPLE. "Tremendous, undiluted, overwhelming, uproarious fun," S. Times "Worth travelling miles to see," D. Exp.

COMEDY. 930 2578. Evgs. 8.00. Sats. at 5.30 and 8.30. Matinees Thurs. 3.00. "*The delectable* NAYLEY MILLS." DT. PETER DUNAT. LEIGH LAWSON. "Samuel Taylor's Joyous Comedy." E.N. A TOUCH OF SPRING "Effervescent direction by Allan Davis." F.T. "*THE AUDIENCE were WEAK with LAUGHTER.*" F.T. "THIS FROLIC IS SUCH FUN." E.N.

CRITERION. 930 3216. Evgs. 8. Sats. 5.30 and 8.15. Mats. Thurs. at 3. GERALDINE McEWAN RODERICK COOK JAMIE ROSS "OH COWARD" "*Coward* has always had brilliant interpreters—but none more brilliant than these." Sun. Times.

DRURY LANE. 836 8108. Evenings 7.30. Matinees Wed. and Sat. 2.30. MICHAEL CRAWFORD in BILLY A NEW MUSICAL "MICHAEL CRAWFORD A WHOPPING WONDERFUL STAGE STAR." News of the World. "HE AND HIS SHOW ARE A TREAT." Sunday Express.

DUCHESS THEATRE. 836 8243 Evenings 8.00. Fri., Sat. 6.15. 9.00. *ALIVE ON STAGE* OH! CALCUTTA ! OVER 1,500 PERFORMANCES "BREATHTAKINGLY BEAUTIFUL." S.Tel "THE NUDITY IS STUNNING." D. Tel.

DUKE OF YORK'S. 836 5122. Evs. 8.00. Sat 5.00 and 8.30. Mats. Th. 3.00. BERYL REID, MALCOLM McDOWELL, RONALD FRASER *ENTERTAINING MR. SLOANE* From the JOE ORTON Festival "Superlatively well cast." D. Tel. "A beautiful evening." Fin. Times.

FORTUNE. 836 2238. Evenings at 8.00. Sats. 5.30 and 8.30. Th. 2.45 red. prices SLEUTH "THE BEST THRILLER EVER." N.Y. Times. 6th GREAT YEAR.

GARRICK. 836 4601. Evgs. 8.00 SHARP. Sat. 5.00 and 8.30. Red. price Wed. 3.00. ROBERT STEPHENS in MURDERER by ANTHONY SHAFFER "BRILLIANT AND EXCITING"

GLOBE THEATRE 437 1592. BEST PLAY OF THE YEAR Evening Standard Drama Award *RONALD PICKUP in* THE NORMAN CONQUESTS by ALAN AYCKBOURN R'ND & R'ND THE GARDEN Tnt. Mon. Wed. 8.15: TABLE MANNERS Tomor. *5.30. Tu Th. 8.15: LIVING TOGETHER* Tomor. 8.30, Wed. 3.0.

GREENWICH. 858 7755. CHARADES. Evenings at 8.0. Until July 5. THE KNIGHT OF THE BURNING PESTLE

HAYMARKET. 930 9832. Evgs. 7.45. Mat. Wed. 2.30. Sat. 4.30 and 8.00. JOHN CLEMENTS in Ronald Millar-C. P. Snow's *THE CASE IN QUESTION* "An excellent evening's entertainment, an enthralling story." —Harold Hobson, Sunday Times.

HER MAJESTY'S. 930 6606. Evgs. 8.00. Fri. and Sat. 6.00 and 8.40. HAIR

KING'S ROAD THEATRE. 352 7488. Mon. to Th. 9.00. Fri., Sat. 7.30. 9.30. THE ROCKY HORROR SHOW BEST MUSICAL OF THE YEAR *Evening Standard Drama Award '73*

LYRIC. 437 3686. Evenings 8.00. *Fri. 8.30. Thurs., Sat. 5.00 and 8.30.* JOHN, PAUL, GEORGE, RINGO ... AND BERT Evening Standard Award— BEST MUSICAL OF THE YEAR *Plays and Players Award—* BEST MUSICAL OF THE YEAR

MAY FAIR. 629 3036. Fully air cond. Evening 8.15. Sat. 5.30 and 8.40 BILLIE WHITELAW, BARBARA FERRIS and DINSDALE LANDEN in ALPHABETICAL ORDER "Michael Frayn's comedy is a delightful experience." Evening Standard

MERMAID. 248 7656. Food 248 2835 Evenings 8.15, at. 5.0 & 8.15. (Mat. Thur 2.30—reduced prices) THE MERRY WIVES OF WINDSOR By Shakespeare FULL DINNER WINE & BEST THEATRE SEAT FOR £4.95

NEW LONDON. Parker St., Drury Lane, W.C.2. (405 0072) THURBER played by WILLIAM WINDOM — *A MEMORABLE EVENING OF* LAUGHTER. Opens Mon. 7.0 Subs. Mon to Thur. 8.0, Fri., Sat. 5.30, 8.30 until July 12.

OLD VIC. THE NATIONAL THEATRE. (928 7616.) Tonight & Monday 7.30. Tomorrow at 2.15 and 7.30: Bernard Shaw's HEARTBREAK HOUSE *Tuesday at 7.30:* HAPPY DAYS Wednesday 7.30. Thurs. 2.15 & 7.30: NO MAN'S LAND Some seats held for sale day of *performance from 10 a.m.*

OPEN AIR. Regent's Park. 01-486 2431. New Auditorium opening delayed. THE TAMING OF THE SHREW plays Round House until July 5. A MIDSUMMER NIGHT'S DREAM opens here July 16.

OPEN SPACE. 580 4970. Temp. m'ship. Ntly. 8.0 (except Mon.) MEASURE FOR MEASURE Shakespeare-Marowitz. "*A fascinating exercise in textual tampering.*" Daily Telegraph. LAST FOUR WEEKS. Lunchtime 1.10: PRISONER AND ESCORT by Charles Wood.

PALACE. 437 6834. Mon.-Thurs. 8.00. Fri. and Sat. 6.00. 8.40. JESUS CHRIST SUPERSTAR

PALLADIUM. 437 7373. Evenings 7.30. Mats. Wed., Sat. 2.45. TOMMY STEELE IN LONDON'S MOST BEAUTIFUL MUSICAL HANS ANDERSEN "SUMPTUOUS SPECTACLE. SPLENDID *SONGS. IT'S WONDERFUL.*" Dly. Exp. SEATS AVAIL. THEATRE AND AGENTS.

PHOENIX THEATRE. 01-836 8611 Evenings 7.45. Sat. 5.45 and 8.45 GODSPELL "IS MAGNIFICENT." Sunday Times LATE NIGHT PERF. TONIGHT 10.45

PICCADILLY. 437 4506. Evgs. at 8. Sats. 5.30 and 8.30. Matinees Wed. at 3. JIMMY JEWEL. ALFRED MARKS in NEIL SIMON'S THE SUNSHINE BOYS "Audience rocking in their chairs." — D. Express. "A laugh a minute." D. Tel. "Continuous laughter." E. Std.

PRINCE OF WALES. 930 8681. Evenings 8.00. Mats. Wed., Sat. 3.00. JAMES STEWART in HARVEY "Heartwarming triumph." Ev. News. LIMITED SEASON ONLY.

QUEEN'S 01-734 1166. Evenings 8.0. *Mat. Thurs. 3.00. Sat. 5.30 and 8.30* VINCENT PRICE CORAL BROWNE CHARLES GRAY in ARDELE *A Play by JEAN ANOUILH*

RAYMOND REVUE BAR THEATRE. 734 1593. At 7 p.m., 9 p.m., 11 p.m. PAUL RAYMOND presents THE FESTIVAL OF EROTICA '75

REGENT. 323 2707. Evenings 8.30. Fri., Sat. 7.00 and 9.15. 11th MONTH OF SENSATIONAL STAGE SHOW OF THE '70s LET MY PEOPLE COME —AN ADULT MUSICAL "Never a dull moment." Evening News. 100 tickets held for sale at door.

ROUND HOUSE. 267 2564. *Evg. Mon.-Fri. at 8. Sats. 5. 8.30. Mats. Wed. and Thurs. at 2.30. Until July 5.* Jeremy Irons Zoe Wanamaker. "Excellently attuned performances." S.Tel *THE TAMING OF THE SHREW* "SPIRITED EVENING OF MASQUERADING COMEDY." D. Tel.

ROYAL COURT. 730 1745. Air cond. *JOE ORTON FESTIVAL* Evgs. 8. Sats. 5 & 8.30 JILL BENNETT PHILIP STONE LOOT "Non-stop laughter." D. Mirror.

SAVOY. 01-836 8888. Evenings 8.00. Sat. 5.00 and 8.15. "ALASTAIR SIM at his best." D. Tel. RON MOODY DANDY NICHOLS THE CLANDESTINE MARRIAGE Directed by IAN McKELLEN

SHAFTESBURY. 836 6596. Mon.-Fri. 8.00. (Mat. Friday 5.00. Reduced 75p-£1.50) Sat. 5.30 and 8.30. WEST SIDE STORY "Bursting to life with undiminished theatrical excitement." S. Tel "A definite winner. I strongly recommend it." F.T. "Miracle." Guardian. "Brilliant." S. Tel.

SHAW THEATRE. 01-388 1394. Evgs. 7.30. Mat Tues., Fri. 3.00. SUSAN HAMPSHIRE in AS YOU LIKE IT

ST. MARTIN'S. 836 1443. Evenings 8.00. Mats. Tues. 2.45. Sats. 5.00 and 8.00. Agatha Christie's THE MOUSETRAP World's longest-ever run. 23rd YEAR.

STRAND. 836 2660. Evenings 8.00. Mats. Thurs. 3.00. Sat. 5.30 and 8.30. DORIS HARE. LEO FRANKLYN. RICHARD CALDICOT. ANDREW SACHS NO SEX PLEASE, WE'RE BRITISH Directed by Allan Davis LONDON'S LONGEST LAUGHTER HIT.

TALK OF THE TOWN. 01-734 5051 From 8.15. Dining and Dancing. At 9.30: New Revue: SWEET TEMPTATION and at 11 p.m. *CLIFF RICHARD*

VAUDEVILLE. 836 9988. Fully air cond. Ev. 8.0. Mat. Tu 3.0. Sat. 5.30. 8.40. MILLICENT MARTIN. AMANDA BARRIE *in* ALAN AYCKBOURN'S ABSURD PERSON SINGULAR Best Comedy of Year. E. Std. Award 73.

VICTORIA PALACE. 834 1317. (No perfs. Monday). Tues., Fri. 8.00. Wed., Thurs., Sat. 6.00 and 8.45. MAX BYGRAVES in "SWINGALONGAMAX" New Song and Laughter Spectacular with Rogers and Starr, Bobby Crush, Denise Keene and Happy and Full Co.

WHITEHALL. 930 6692-7765. Evs 8.30. Wed. and Sat. 6.15 and 8.45. PAUL RAYMOND presents THE CONFESSIONS OF A SEX STAR SNATCH 69 FANTASTIC HILARIOUS EROTIC ENTERTAINMENT

WIMBLEDON. 01-946 5211. ACTORS COMPANY SEASON Evs. 7.30. Sats. 5.00 & 8.15. THE LAST ROMANTIC "Touching as well as funny"—Times. Next week: Tartuffe.

WINDMILL THEATRE. 437 6312. PAUL RAYMOND presents LET'S GET LAID featuring JOHN INMAN "ARE YOU BEING SERVED?" Twice Nightly at 7.00 and 9.00.

WYNDHAM'S. 836 3028. Evenings at 8. *Sat. 5.00 and 8.30.* Mats. Wed. 3.00. "PAUL SCOFIELD as Prospero SHOULD NOT BE MISSED ON ANY ACCOUNT." B. A. YOUNG—Financial Times. THE TEMPEST Last weeks. Must *close* July 12.

YOUNG VIC (by Old Vic). 928 6363. Tonight at 8 p.m. ASHES.

CINEMAS

ABC 1 & 2 SHAFTESBURY AVE. 836 8861. Sep. Perfs. All Seats bkble. 1. THE GODFATHER PART II (X) Wk. & Sun. 2.45. 8.00. 2. MURDER ON THE ORIENT EXPRESS (A). Wk. & Sun. 2.30. 5.30. 8.30.

CASINO. 437 6877. EARTHQUAKE (A). You'll FEEL it as well as see it in SENSURROUND. Sep. Perfs. daily at 2.30 5.30 8.30. Late show Fri. and Sat. 11.30. Bkble.

CURZON. Curzon Street, W.1. 499 3737. ALICE DOESN'T LIVE HERE ANYMORE (AA). Progs. at 1.55 (not Sun.) 4.00. 6.15. 8.30. Late show Sat. 11 p.m.

EMPIRE. Leicester Square. THE DAY OF THE LOCUST (X). Progs. Daily 2.00 5.10 8.15. Late show Fri. and Sat. 11.30 p.m. Sep. Perfs. All seats bookable. No phone bookings.

LEICESTER SQUARE THEATRE. 930 5252. Seel Heart Feel! TOMMY (AA). The film event of the year. Sep. Perfs. 1.20. 4.30. 8.00. Sun. 4.30. 8.00. Late show Fri. and Sat. 11.15. All seats bkble.

ODEON HAYMARKET (930 2738/2771). Warren Beatty. Julie Christie. Goldie Hawn in SHAMPOO (X). Sep. perfs. Wk. and Sun 1.15. 4.45. 8.15. Shampoo at 1.55. 5.30. 8.55. Late show Fri. and Sat. 11.45. All seats bkble.

ODEON MARBLE ARCH (723 2011/2). Streisand and Caan FUNNY LADY (A). Sep perfs. Wk 2.45. 8.00 Sun. 4.00. 8.00. Late show Sat. 11.45. All seats bkble.

ODEON LEICESTER SQUARE (930 6111). BRANNIGAN (A). Cont. Progs. Wk. 1.10. 3.05. 5.35. 8.10. Sun. 3.05. 5.35. 8.10. Late Show Fri. and Sat. 11.15.

ODEON ST. MARTINS LANE (836 0691/1811) (Fully air cond.). Lelouch's AND NOW MY LOVE (X). Sep. perfs. Wk. 1.00. 4.30. 8.00. Sun. 4.30. 8.00. Late show Sat. 11.30. All seats bkble.

PLAZA, 1 Lower Regent St. All seats bookable. THE GODFATHER PART II (X). Daily including Sundays. Progs. 2.45. 7.30. *Late show Fri. and Sat.* 11.45.

PRINCE CHARLES. Leic. Sq. 437 8181. 9th Sensational Month!! EMMANUELLE (X) Sep. Perfs. Dly. (inc. Sun.) 2.45. 6.15. 9.00. Lte Show 11.45 Fri. and Sat. Seats Bkble. Lic'd Bar.

SCENE 2. Leic. Sq. (Wardour St.) 439 4470. Cont. Perfs. Dly. from 12.30. Late *Show 12.05 (Fri. & Sats.)* YOUNG FRANKENSTEIN (AA). Progs. 12.30. 2.45. 5.05. 7.25. 9.45. 12.05.

SCENE 3. Leic. Sq. (Wardour St.) 439 4470. THE TOWERING INFERNO (A). Sep. Perfs. Dly. Late Show Fri. & Sats.). 2.00. 5.20. 8.40. 11.45. Seats Bkble.—All Perfs.

SCENE 4. Leic. Sq. (Wardour St.). 439 4470. 2nd YEAR. The Film Everybody's Talking About. THE EXORCIST (X). Directed by William Friedkin. Sep. Perfs: Dly. 12.30. 3.00. 6.15. 9.00 (Late Show Fri. & Sats. 11.30). Box Office Open Daily 10-8. Sun. 12-8. *Seats Bkble—All Perfs.*

WARNER WEST END. Leicester Square. Tel: 439 0791. 1. *UPTOWN SATURDAY NIGHT* (A). Cont. Progs. Wk. 2.00. 4.10. 6.20. 8.40. Sun. 3.30. 5.45. 8.05. Late Show Fri. and Sat. 11.00. 2. Robert Mitchum THE YAKUZA (AA). *Cont. progs. Wk. 1.30, 3.45. 6.00, 8.20.* Sun. 3.30. 5.50. 8.20. Late Show Fri. and Sat. 11.00. 3. Steve McQueen, Paul Newman THE TOWERING INFERNO (A). Sep. Perfs. *1.25. 4.40. 7.55. Late Show Fri. and* Sat. 11.05. All seats bkble.

ART GALLERIES

AGNEW GALLERY. 43, Old Bond Street, W.1. 01-629 6176. MASTER PAINTINGS—An exhibition of Recent Acquisitions. Until 4 July, Mon.-Fri. 9.30-5.30. Thurs. 9.30-7.00.

ANTHROPOS' GALLERY. Specialists in Ethnic Arts. 7, Monmouth Street, Upper St. Martin's Lane, W.C.2. 01-835 0182. Europe's finest collection of New Guinea-Papuan and Eskimo Art. A new exhibition Mon.-Wed 10-8, Thurs.-Sat. 10-12 midnight, Sun. 1-7.

ENGLISH WATERCOLOURS presented by IVOR BRYAN. ALPINE GALLERY, 74 South Audley Street, W.1. *Until June 28.* 10-5.30. Sats. 10-1.

GREGORY & KRUML, 47, Albemarle St., W.1. Exhibition of watercolours by THOMAS MATTHEW ROOKE RWS 1842-1942, including a group of early landscapes, and also works showing the influence of Ruskin and Burne-Jones. 17th to 28th June 10 a.m.-6 p.m. 10 a.m.-1 p.m. Sats. 01-629 3017. (Presented by Martyn Gregory.)

LEGER GALLERY. Exhibition of English Paintings Reynolds, Romney, Lawrence, etc. Mon.-Fri. 9-5.30. 13, Old Bond *Street. Until June 27th.*

MAAS GALLERY, BLANDFORD FLETCHER (1858-1936). Paintings and drawings and ROSAMUND FLETCHER sculpture. Until 20th June. Weekdays 10-5, Sats. 10-12. At 15a, Clifford Street, London, W.1. Tel. 01-734 2302.

CLUBS

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Restaurant facilities
Cover Charge: £2.00
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EVE. 189 Regent St. 734 0557. A la Carte or All-in Menu. Spectacular Floor Shows plus the rhythm of Los Vera Cruz and music of Johnny Hawksworth and Friends.

GARGOYLE. 69 Dean Street. London W.1. STRIPTEASE FLOORSHOW SEX ALIVE '75 Show at midnight and 1 a.m. Hostesses. Monday-Friday. Closed Sats. 437 6455.

WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Index up 17 in 21m. volume

BY OUR WALL STREET CORRESPONDENT

NEW YORK, June 19.

A SHORT RISE in active trading on Wall Street to-day surprised most analysts and was apparently propelled by technical factors rather than by any particular economic news.

The Dow Jones Industrial Average spurted ahead 17.52 to $845.35 and the NYSE All Common Index moved up 88 cents to $49.05, while rises outpaced falls by 1,086-to-353. Trading volume sharply expanded by 5.86m. shares to 21.45m.

Some analysts said the gain was assisted in May and a strong rise in May Housing Starts.

Others said the gain was encouraged by indications that OPEC Nations might not raise oil prices. An OPEC official said the Oil Exporting Group wasn't committed to increasing oil prices when the freeze ends September 30, despite reports from a recent OPEC meeting that prices would be readjusted October 1.

Individual issues with special Corporate developments were among the biggest favourites.

Moore McCormack Resources spurted $6⅜ to $74—it said a 50-50 joint venture mine between its Pickands Mather Unit and Selco Mining Corp of Toronto has gold content likely to be of value.

Fluor climbed $1⅞ to $39½ on enthusiasm over the $4,000m. contract awarded to it by the Arabian American Oil Company last week.

A. E. Staley Manufacturing moved up $2 to $38⅜—it is withdrawing a proposed public offering of 700,000 Common shares following unsettling events surrounding a recent merger proposal from H. J. Heinz, which was rejected by the Staley Board.

Chemetron were up $2⅜ to $39, IBM $4½ to $208⅜, Du Pont $3½ to $120 and Eastman Kodak $3¾ to $103⅞.

Exxon rose $1⅞ to $90½ among Oils, while U.S. Steel jumped $2⅞ to $60⅞ in its group.

U.S. Leasing gained $⅞ to $10⅞. A block of 311,100 shares traded at $9½.

Gulf Resources put on $2½ to $21⅞—it bought an option to purchase a coal company.

Elgin National moved ahead $1⅜ to $17½—it postponed merger plans with Utilities & Industrials Corp.

Short interest on the NYSE fell to 26.062m. shares in the month ended June 13, a decrease of 646,873 shares.

The American SE Market Value Index moved up 1.16 to 90.63, with advances outnumbering declines by 370 to 222.

Hartz Mountain, the most active issue, rose $1½ to $14¼ on a volume of 102,900 shares.

Canada higher

Canadian Stock Markets also moved higher in moderate trading yesterday.

The Industrial Share Index rose 1.61 to 188.03, Base Metals 0.24 to 72.82, Western Oils 2.69 to 194.59, Utilities 0.02 to 130.57, Banks 3.02 to 266.93 and Papers 1.16 to 109.78. But Golds gave way 5.90 to 410.38.

OTHER MARKETS

PARIS—French shares ended lower over a broad front in quiet trading, following a pessimistic monthly report by the Bank of France on French industry.

Americans were the only issues well-traded on the International front, with Dupont and Eastman Kodak each improving.

International Oils were off, as were Gold Mines and Coppers.

AMSTERDAM—Slightly lower in slow trading.

Akzo shed Fls.0.70 to 38.3, Philips Fls.0.40 to 24.0, Royal Dutch Fls.0.20 to 90.8 and Unilever Fls.1.40 to 186.0.

Algemene Bank Nederland gained Fls.3 to 326.5 but Slavenburg's Bank declined Fls.3 to 251.

Bonds were steady to Fls.0.20 lower.

BRUSSELS—All sectors again lower after a quieter session. Reports of the decline in exports and the indecision on Wall Street were the main depressants.

Steels fell. Arbed lost Frs.30 to Frs.4,150, Hainaut-Sambre Frs.40 to Frs.2,360 and Cockerill Frs.28 to Frs.1,136. In weak Metals, Union Miniere slipped Frs.30 to Frs.1,380.

Petrofina were down Frs.90 to Frs.4,960 in reduced Oils.

Among Internationals, U.S. shares steadied after a weak opening.

GERMANY—Prices recovered after a weak opening and ended higher. Foreign purchases were behind the rises of Mannesmann, up DM5.50, Siemens DM4.50, and Daimler DM3.80.

Dresdner Bank, up DM3.5, led Banks higher. BBC gained DM4.90 and AEG DM1.30.

Leading Chemicals rose up to DM1.20, apart from BASF which shed DM0.50, after announcing short-time working.

Geisenberg fell DM5.9 after saying it will temporarily lay-off 700 refinery workers.

SWITZERLAND—Markets continued to ease, with light selling pushing prices lower.

Major Banks, Financials and Insurances lost ground. Bally Bearer gave ground following its 1974 loss and dividend omission.

In a quiet Foreign sector, Dollar stocks were generally steady, while Dutch Internationals were little changed and Germans barely maintained.

COPENHAGEN—Lower in moderately active dealings.

VIENNA—Narrowly mixed in generally quiet trading.

OSLO—Bankings and Insurances eased slightly, while Industrials were quiet.

MILAN—Generally lower on renewed selling pressure, with operators pessimistic on the post-election investment outlook. Latest Italian short-time working and jobless figures helped the downturn.

The "big" Industrials, such as Fiat, Montedison and Snia Viscosa were especially hit by selling.

HONG KONG—Prices advanced in light trading.

Hong Kong Bank rose 14 cents to $HK16.10, Hong Kong Land 15 cents to $HK6.85, Jardine 10 cents to $HK23.10, Hong Kong Electric 5 cents to $HK3.50, Hong Kong and Kowloon Wharf 10 cents to $HK11.80, and Gammon 40 cents to $HK20.20.

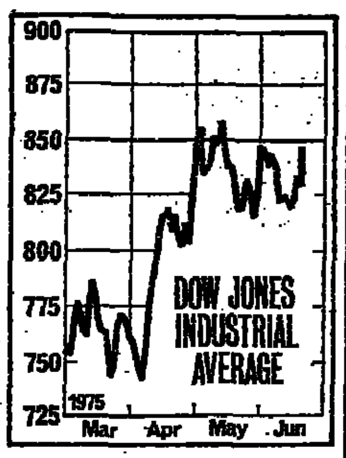
TOKYO—After a steady opening, the market turned easier and closed lower on persistent liquidation and the absence of any encouraging factors. Volume 130m. (120m.) shares.

JOHANNESBURG—Golds were basically steady in quiet trading.

Financial Minings were easier, Platinums were lower but generally off the lowest levels. Coppers were mostly at previous levels.

AUSTRALIA—Buying support bolstered prices in quiet trading and both Industrials and Minings gained ground.

Among Minings, Pancontinental were up 20 cents to $A3.30, after $A3.40. WMC shed 5 cents to $A1.65.



Indices

NEW YORK

DOW JONES AVERAGES

	Home Bonds	Transport	[illegible]	[illegible]	Trading volume† 000's
June 19	—	166.38	845.35	86.57	21,450
18	66.72	164.56	827.83	83.40	15,590
17	68.93	165.19	828.61	82.92	19,440
16	68.96	167.16	834.5	82.60	16,660
13	68.76	167.63	824.47	81.90	16,300
12	68.55	167.69	819.31	81.51	16,970
11	—	169.21	824.56	81.51	18,250
10	68.27	168.86	822.12	81.80	21,150
9	68.04	170.07	830.10	82.21	20,670
6	67.91	170.52	839.64	82.82	22,230
5	67.78	168.72	842.15	82.82	21,610
4	67.23	168.92	839.96	83.01	24,900
3	67.79	166.88	846.14	82.37	26,560
2	67.85	169.04	846.61	80.71	28,340
May 30	67.82	167.85	832.29	79.82	22,670
29	67.81	165.72	815.00	78.64	18,570
1975 High	69.82 (4/4)	174.12 (5/5)	858.73 (14/5)	85.48 (16/6)	—
Low	66.16 (3/1)	146.47 (2/1)	632.04 (2/1)	[illegible] (2/1)	—
All-time High	—	279.88 (7/2/69)	1051.70 (11/1/73)	166.68 (20/4/65)	—
Low	—	13.23 (8/7/32)	41.22 (2/7/32)	10.58 (8/4/42)	—

† Excluding bonds.

IND. DIVIDEND YIELD p.c.

June 13	June 6	June 14, 1974
4.69	4.59	4.38

N.Y. SE ALL COMMON INDEX

December 31, 1965=50.

1975 High	1975 Low	June 19	June 18	June 17	June 16	June 13
49.85 (3/6)	37.06 (2/1)	49.05	48.17	48.27	48.69	48.19

RISES AND FALLS

Issues traded	Up	Down	Unchanged
1,795	1,086	353	356

	June 19	June 18	June 17	June 16	June 13
New Highs	181	42	91	92	45
Lows	2	1	2	3	8

AMERICAN SE MARKET VALUE INDEX

Starting base 100 Aug. 31, 1973.

1975 High	1975 Low	June 19	June 18	June 17	June 16	June 13
90.71 (5/6)	62.20 (2/1)	90.63	89.47	89.10	89.56	89.43
Volume (000's)		2,219	1,810	2,209	2,080	2,000

U.S. STOCK INDICES STANDARD AND POORS

	*Industrials	†Composite
June 19	103.04	92.01
18	101.30	90.39
17	101.38	90.38
16	101.63	91.46
13	101.35	90.31
12	101.06	90.08
11	101.36	90.55
10	101.30	90.44
9	102.39	91.21
6	103.87	92.48
1975 High	104.49 (3/6)	92.99 (3/6)
1975 Low	77.71 (8/1)	70.74 (8/1)

* 425 Industrials. † 425 Industrials, 50 Utilities, 25 Rails.

STOCK AND BOND YIELDS

	June 19 1975	June 12 1975	June 20 1974
Ind. Ord. yield pc	3.74	3.73	3.90
Ind. Ord. p/e ratio	10.98	11.02	10.73
Long-term Govt. Bds. per cent.	3.75	3.71	6.60

THURSDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Southern Co.	473,200	13½	+½
U.S. Leasing	344,400	10⅞	+⅞
Polaroid	256,100	34⅜	+1½
Duke Power	190,900	16⅝	+⅝
Imperial Cp. Amer.	185,500	10⅞	+⅛
Amer. Tel. and Tel.	181,700	49⅞	+⅞
Searle G.D.	174,400	19⅜	+⅛
Occidental Petrlm.	159,900	19	+⅞
Gulf Oil	157,600	22⅞	−⅛
Middle S. Ut.	153,300	15⅜	+⅛

TORONTO

INDUSTRIAL INDEX

June 19	June 18	1975 High	1975 Low
188.03	186.42	186.68 (14/3)	159.41 (2/1)

MONTREAL

INDUSTRIAL INDEX

June 19	June 18	1975 High	1975 Low
197.80	196.03	197.95 (14/3)	159.95 (2/1)

COMBINED INDEX

June 19	June 18	1975 High	1975 Low
191.54	190.01	191.54 (19/6)	158.02 (2/1)

JOHANNESBURG

	June 19	June 18	High	Low
Industrials	224.3	224.1	224.3 (19/6)	152.6 (23/1)
Golds	314.5	313.6	379.1 (2/1)	283.2 (15/4)

1958=100. Source: Rand Daily Mail. * 1974.

MELBOURNE YIELDS

Price Yield on Leading Shares	June 19	June 12	June 5
On Dividends	7.35	7.11	7.08
On Earnings	14.15	13.67	15.49

SYDNEY ALL ORD. INDEX

June 19	June 12	High 1975	Low 1975
367.08	363.31	387.27 (6/6)	288.88 (9/1)

TOKYO NEW SE INDEX

Base=100 January 4, 1968.

June 19	June 18	High 1975	Low 1975
327.47	327.82	332.96 (22/5)	266.24 (10/1)

HONG KONG INDEX ◎

June 19	June 18	High 1975	Low 1975
323.86	319.69	341.57 (9/6)	160.42 (9/1)

SINGAPORE INDEX §

June 19	June 18	High 1975	Low 1975
229.72	230.26	268.69 (11/3)	155.26 (8/1)

EUROPE

	June 19	Previous	1975 High	1975 Low
Belg'm (a)	107.57	108.66	111.31 (15/5)	89.01 (2/1)
Denm'k (b)	91.04	91.53	92.80 (15/6)	73.06 (15/1)
France (d)	63.2	63.9	72.6 (25/4)	51.70 (2/1)
Germ'y (e)	651.9	652.5	726.1 (15/4)	575.5 (2/1)
Holland	99.6	100.9	107.5 (6/5)	83.0 (2/1)
Italy (g)	91.26	91.83	106.86 (21/2)	66.9 [illegible]
Spain (h)	98.54	96.77	110.96 (22/4)	96.54
Sweden (k)	375.00	371.37	376.65 (15/5)	310.5 (9/1)
Switz'rl'd (m)	282.3	284.7	296.1 (6/5)	20[illegible] (2/1)

Indices and base dates (all base values 100 except—(a) Belgian S.E. 31/12/63. (b) Copenhagen S.E. 1/1/73. (d) Paris Bourse 1961. (e) Commerzbank December, 1953. (f) Amsterdam Industrial 1970. (g) Milan 1972. (h) Madrid S.E. 31/12/74. (k) Stockholm Industrial 1/1/58. (m) Swiss Bank Corp. 31/12/58. (u) Unavailable. ◎ Hang Seng Bank 31/7/64. § Straits Times 1966. (c) Closed. † Adjusted.

Steady pound

Sterling showed little change against major currencies as a whole yesterday, with its trade-weighted average depreciation against 10 leading units since the Washington Currency Agreement of December, 1971 (as calculated by the Bank of England) unchanged on balance, at 26.3 per cent., and standing at 26.2 per cent. in early dealings and at noon, while in terms of the dollar, the pound gained 10 points on the day to $2.2735-2.2745. Business was moderate. Uncertainty over the economy continued to unsettle dealings to some extent, with the rail strike threat and the employment question particularly to the front of market discussion. The pound opened in terms of the dollar at $2.2745-2.2755, rose to $2.2750-2.2760 in the afternoon, and fell at one point subsequently to $2.2720-2.2730—to make a modest width of movement over the day, by recent standards. The dollar's trade-weighted average depreciation against 14 currencies since the Washington Agreement (as calculated on noon rates in New York by Morgan Guaranty) narrowed to 6.72 per cent., from 6.82 per cent., while sterling's fall on a similar basis narrowed to 32.13 per cent., from 32.26 per cent.

Major currencies commonly showed individually little divergence from the level of steadiness shown by sterling and the dollar against currencies as a whole. The Japanese yen, however, continued its recent course of fluctuations, without moving substantially, with its trade-weighted loss on the Morgan Guaranty 14-currency post-Washington basis narrowing to 0.56 per cent., following the previous day's rise to 0.60 per cent. (from Tuesday's 0.36 per cent.). Swiss francs, which had fallen appreciably on Wednesday, recovered to a (similar) weighted appreciation of 26.59 per cent., from the previous 26.17 per cent., though not recovering Tuesday's 26.75 per cent. Canadian dollar fell 17 points to 97.44½ U.S. cents, losing slightly more than the previous day's 13-point gain.

The Russian rouble reached a record level of 1.57 to the pound, it was reported from Moscow, improving from 1.62. The move reflects the downtrend in sterling in the foreign exchange market at large.

Gold fell $1½ an ounce on balance in London to $162¼-163¼, in moderate business.

The Krugerrand slightly strengthened its position in relation to gold, though again available to U.K. domestic buyers at almost the lowest levels since the splitting of domestic dealings from international with the April Budget—falling £¼ further to £78¾-£79¾. The premium on the coin over its gold content in domestic business hardened to 10⁹⁄₁₆, from Wednesday's 10½ per cent., but in international dealings, its premium held the previous 3⁷⁄₁₆ per cent.

EXCHANGE CROSS-RATES

June 19	Frankfurt	New York	Paris	Brussels	London	A'stdam	Zurich
Frankf't	—	2.338-340	58.40-60	6.44-45	5.51-32	96.90-97.0	93.88-94.0
N. York	42.81-84	—	25.05-07	2.862-865	2.272-274	41.63-66	40.11-15
Paris	170.575-975	3.9875-9975	—	11.414-4585	9.069-0935	166.225-625	160.06-46
Brussels	14.90-96	34.90-96	8.73-77	—	79.32-52	14.46-51	14.00-14.06
London	5.31½-32½	2.2736-45	9.07½-08½	79.30-50	—	5.47½-48½	5.66½-67½
Am'erdam	103.04-09	2.4102-27	60.385-445	6.9055-9105	5.4775-48½	—	96.775-825
Zurich	106.47-61	2.4905-20	62.38-43	7.125-140	5.6625-85	103.23-34	—

U.S. $ in Montreal. U.S. $=102.58-52 Canadian cents.
Canadian $ in New York. $C1=97.44-46 U.S. cents. U.S. $ in Milan 626.25
Sterling in Milan 1423.90.

EURO-CURRENCY INTEREST RATES*

June 19 1975	Sterling	U.S. Dollar	Canadian Dollar	Dutch guilder	W. German mark	Swiss franc
†Short term	8-8⅛	5-5⅛	4-5	⅞-1⅛	4⅝-4⅞	½-¾
7 days notice	8½-9½	5⅛-5⅝	5½-6½	⅞-1⅛	4⅝-4⅞	¾-1
Month	9-9⅝	5¼-5⅝	6⅞-7⅛	2⅝-2⅞	4⅝-4⅞	5-5¼
Three months	10-10⅜	5¾-6¼	7⅛-7½	5⅜-5⅝	4⅝-4¾	5⅞-6⅛
Six months	11⅛-11⅞	6⅝-7⅛	7⅞-7⅞	4⅝-4⅞	4⅞-5⅛	4¼-4½
One Year	11⅞-12¼	7½-8	8⅛-8¼	6-6¼	5⅞-6⅛	5⅞-6⅝

Euro-French deposit rate short-term 8½-9 per cent., seven days' notice 8½-9 per cent.; one-month 9½-9⅞ per cent.; three months 9½-9⅞ per cent.; six months 9½-9⅞ per cent.; one year 9½-10 per cent.

Longer-term Eurodollar deposits two years 8¼-8½ per cent.; three years 8½-9 per cent.; four years 9-9½ per cent.; five years 9½-9¾ per cent.

The following nominal rates were quoted for London dollar certificates of deposit: one month 5¹¹⁄₁₆-5⅝ per cent.; three months 6⅛-5¹⁵⁄₁₆ per cent.; six months 6¹⁵⁄₁₆-6⁹⁄₁₆ per cent.; one year 7⅝-7⁹⁄₁₆ per cent.

* Rates are nominal closing rates.

† Short-term rates are call for sterling, U.S. dollars and Canadian dollars and two days' notice for guilders and Swiss francs.

GOLD MARKET

	June 19 1975	June 18 1975
Gold bullion (a fine ounce). Close	$162¼-163¼	$163½-164½
Opening	$163½-164½	$164-165
Morning fix'g	$163.60 (£71.852)	$164.10 (£72.276)
Afternoon fix'g	$162.85 (£71.560)	$163.75 (£72.010)
Gold coins (domestically) Krugerrand	$179-181 (£78¾-81¾)	$180¼-182¼ (£79¼-80¼)
New sov'r'gns	$53½-55½ (£23½-24½)	$55¼-57¼ (£24¼-25¼)
Old sov'r'gns	$53½-55½ (£23½-24½)	$55¼-57¼ (£24¼-25¼)
Gold coins (int'rn't'n'ally) Krugerrand	$166¼-168¼ (£73¼-74¼)	$168-170 (£74-75)
New sov'r'gns	$49¾-50¾ (£21¾-22¼)	$50-51 (£22-22½)
Old Sov'r'gns	$49¾-50¾ (£21¾-22¼)	$50-51 (£22-22½)
$ 20 Eagles	$240-245	$243-248
$ 10 Eagles	$115-120	$118-123
$ 5 Eagles	$85-90	$88-93

FOREIGN EXCHANGES

June 19 1975	Bank Rates %	Market Rates: Day's Spread	Market Rates: Close
New York	6	2.2720-2.2760	2.2735-2.2745
Montreal	8¼	2.3300-2.3350	2.3325-2.3335
Amsterdam	6	5.47-5.51	5.47½-5.48½
†Brussels	6½	79.20-79.75	79.30-79.50
Copenh'gen	8	12.54-12.57	12.55-12.58
Frankfurt	4½	5.31-5.33½	5.31½-5.32½
Lisbon	8½	55.95-56.40	56.10-56.30
Madrid	†7	126.70-127.05	126.75-126.85
Milan	7	1,421-1,426	1,422½-1,424½
Oslo	5½	11.10½-11.13½	11.11½-11.12½
Paris	9½	9.07-9.11	9.07½-9.08½
Stockholm	7	8.87½-8.90½	8.88-8.89
Tokyo	6	665-673	668-670
Vienna	6	37.50-37.85	37.60-37.68
Zurich	4½	5.65½-5.68½	5.66½-5.67½

†Basic discount. ‡Rates given are for convertible francs: closing financial franc 82.30-82.50.

OTHER MARKETS

		¶Notes	Rates
Argentina	◆58.05-59.25	Argentina	140-170
Australia	1.6945-1.7105	Austria	40⅞-38⅜
Brazil	17.98-18.18	Belgium	81-83
Finland	8.00-8.01	Brazil	20.25
Greece	67.297-68.964	Canada	2.31-2.34
H'ngKong	11.24-11.2575	Denmark	12.28-.48
Iran	149.6-151.6	France	8.95-9.15
Kuwait	0.643-0.653	Germany	5.20-5.40
Luxemb'g	79.30-79.50	Greece	66-68
Malaysia	5.7845-5.2025	Italy	1420-1.75
N.Zealand	1.7260-1.7420	Japan	660-690
SaudiArbia	7.79-7.93	Nethr'l'ds	5.35-5.55
Singapore	5.1785-5.1980	Norway	11.00-11.20
S.Africa	1.6495-1.6549	Portugal	55⅛-58⅛
U.S.—		Spain	124½-127½
Canada		Switz'l'nd	5.55-5.75
C$1=		U.S.	2.27-2.28
U.S. cents	97.45-97.48	Yugosl'ia	36-38

¶Based on rates quoted by specialist dealers. Other rates may be quoted elsewhere. ◆Rate given is the commercial rate; financial rate 68.21-68.41.

FORWARD RATES

—	One Month	Three months
New York	0.77-0.67 c.pm	2.47-2.41 c.pm
Montreal	0.55-0.45 c.pm	1.70-1.60 c.pm
Amst'dam	3¼-2¼ c.pm	9¼-8¼ c.pm
Brussels	30-10 c.pm	85-65 c.pm
Cop'n'hgn	5-2 ore pm	14-11 ore pm
Frankfurt	2½-1½ pf. pm	7¾-6¾ pf pm
Lisbon	20-120 c. dis	20-180 c. dis
Milan	par-5 lire dis	par-5 lire dis
Oslo	1 ore pm-1 ore dis	5-2 ore pm
Paris	par-2 c. dis	2 c.pm-par
Stockholm	1 ore pm-1 ore dis	4½-3½ ore pm
Vienna	30 gro pm-par	70-50 gro pm
Zurich	3¼-2¼ c.pm	9¾-8¾ c.pm

Six-month forward U.S. dollar 5.27-5.17c. pm and 12-month 10.40-10.30c.

OVERSEAS SHARE INFORMATION

Investment premium based on $2.60 per £1—95% (92¾%).

NEW YORK

Stock	June 19	June 12
Corning Glass	50⅝	49⅞
CPC Int'nation'l.	44½	43⅞
Crane	47⅝	46¼
Johns Manville	22	[illegible]
Johnson Johnson	97	[illegible]
Johnson Control	11¼	[illegible]
[illegible]	[illegible]	[illegible]

CANADA

[illegible]

GERMANY ◆

June 19	Price Dm.	+ or −	Div. %	Yld. %
A.E.G.	72.8	+1.3	—	—
Allianz Versich.	454	+8.5	17	1.9
B.M.W.	221	+4	14	3.2
BASF	131	−0.5	17	6.5
Bayer	118.0	+1.2	17	6.8
Bayer Hypo	301		18	3.1
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AMSTERDAM

June 19	Price Fls.	+ or −	Div. %	Yld. %
Ahold (Fl.20)	96	−1	18	6.8
Akzo (Fl.20)	38.3	−0.7	20	1.1
Algem Bnk(Fl.100)	326.5	+3.0	20	6.0
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AUSTRALIA

June 19	Aust. $	+ or −
Acrow Australia	†0.70	—
Adelaide Brig'ton Cem't 50c	†0.85	—
Allied Hafg Tndg Indus $1	†1.63	[illegible]
[illegible]	[illegible]	[illegible]

VIENNA

June 19	Price %	+ or −	Div. %	Yld. %
Creditanstalt	680		10	2.7
Perlmooser	356		12	3.3
Selecta	741	+2	48	6.3
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

JOHANNESBURG

[illegible]

PARIS

[illegible]

TOKYO ¶

[illegible]

Source Nikko Securities Tokyo

STOCKHOLM

[illegible]

BRUSSELS

[illegible]

MILAN

[illegible]

SPAIN ♥

[illegible]

OSLO ♣

[illegible]

SWITZERLAND ●

[illegible]

COPENHAGEN

[illegible]

NOTES: Overseas prices exclude $ premium. [illegible]

FARMING AND RAW MATERIALS

Paris grain futures opposed

PARIS, June 19.

THE FRENCH National Union of Cereal Producers (UNCAC) considers any efforts to set up a futures market in grains in Paris "utterly inopportune" and against the interests of producers, consumers and the grain industry.

According to UNCAC, the EEC mechanism for running the grain market is more effective than any futures market, as long as it is properly applied. This had not always been the case, the Union said, citing the Commission's slowness to react to the rush into maize import certificates earlier this year.

It urged the setting up of a stock regulation system to give the EEC Commission more control over exports and domestic prices for grain in member countries, and the signing of long-term contracts with non-EEC countries.

A spokesman for the Bourse de Commerce, the Paris Commodity Market, said that, with the present disorder on the sugar market, no immediate plans for a grains futures market—particularly in wheat—were likely to be carried out. There had been interest, however, in a possible maize hedging facility in Paris and Bordeaux.

Reuter

Weaker tone at wool sales

A WEAKER tone was reported at the Adelaide and Brisbane wool auctions yesterday. The Australian Wool Corporation increased its support buying, taking 29 per cent. of the total offering at the Adelaide auction and 18 per cent. at Brisbane. Nevertheless, prices were easier.

At Portland, the Corporation bought 12 per cent. of the offerings and values were firm.

In New Zealand, at the final sale of the 1974-75 season at Napier, values were 2.5 to 10 per cent. cheaper and the Wool Corporation bid on 30 per cent. of the offering.

Malta cattle slaughtering

By Godfrey Grima

VALLETTA, June 19.

A MINISTRY of Agriculture official confirmed to-day that the slaughter of livestock as a precaution against the spreading of foot-and-mouth disease is expected to resume. Slaughtering as a measure to contain the disease was suspended early this week.

U.K. egg producers hit by further price cuts

BY PETER BULLEN

SOME EGGS will cost 3p a dozen less in the shops next week following reductions in the first hand selling prices, announced yesterday.

But the 3p cut in the price of standard and medium grade eggs would be another severe blow to producers, Mr. Frank Powell, marketing director of the Goldenlay consortium, said last night.

Prices had to be cut because the market was oversupplied and the main cause of the oversupply was the continuing influx of French eggs, he claimed. In the two weeks following the Spring Bank Holiday, 21m. French eggs flooded onto the British market.

"The market just cannot absorb these extra quantities. This short-term benefit to housewives will surely be followed by a period of extremely high prices as producers in the U.K. are daily being bankrupted by the inactivity of the Government and the determination of the French Government to support their poultry industry in total defiance of EEC rules," he said.

Although there were a few signs that the seasonal improvement in demand of the holiday period was starting, home produced supplies were more than adequate to meet it and the extra imported eggs were preventing home producers from benefiting. The 3p a dozen cuts this week would bring average producer's returns even further below the cost of production. Producers would be losing about 5p on every dozen eggs they produced.

There had been some discussion in the industry about launching an emergency advertising campaign to boost demand, but this had been ruled out, he said, because it was felt the money would be spent on getting rid of somebody's else's surplus—the French producers!

Culling scheme

The Eggs Authority reported yesterday that, in talks with the French Interprofessional Committee on Eggs last week, they had been told that the first 500,000 of the 2m. French hens to be slaughtered under their promised culling scheme would be destroyed during the next two weeks.

The target was still 2m., but with only a few slaughter houses available and with the approach of the holiday season, it was felt unlikely that the full target figures would be quickly achieved," said the authority.

The National Farmers' Union, although welcoming the statement that the French were starting to slaughter the hens, said yesterday that the 500,000 birds mentioned had only been offered by producers; this did not necessarily mean that the birds would be culled.

"There is no doubt that the overproduction of eggs in France is depressing the U.K. market," said an NFU spokesman. Other trade observers pointed out that the French would need to slaughter 6m. hens to restore the balance between supply and demand.

It has now been confirmed that Mr. Lardinois, the EEC Commissioner for Agriculture, will be making a report to the next meeting of the EEC Council of Ministers next week on measures likely to stabilise the Community market for eggs and poultry.

Although the first-hand selling price of bacon was again unaltered yesterday—the fourth consecutive week that there has been no change—market sources reported a small rise in the general level of demand.

The continuing fall in fatstock prices and the improved supply of new season lambs should lead to some reduction in beef and lamb retail prices over the next few days.

EEC may bend beef import rules

BY ROBIN REEVES

STRASBOURG, June 19.

THE EUROPEAN Commission is prepared to bend the rules and regulations of the Lome Convention to ease the difficulties of Botswana and other ACP beef exporters, M. Claude Cheysson, the Commissioner responsible for development aid, told the European Parliament here.

During a debate on the implementation of the EEC's convention with 46 African, Caribbean and Pacific countries (ACP), Mr. Cheysson admitted that Botswana was in a "desperate plight" because of the high beef import levy imposed by the Community.

In response to the concern expressed by MPs, he said that the Commission was prepared to waive the rule requiring the levy to be paid in advance, which has presented the Botswana Meat Board with acute cash flow problems, and to alter the co-efficience governing levies on different cuts of meat.

The Commission did not go so far as to say that the levy would be substantially reduced or set at a nil rate as called for recently by ACP representatives.

At present, some 50 per cent. of Botswana's receipts from beef sales in the U.K. is being creamed off as levy into the European Farm Fund and the industry is reported to be on the verge of bankruptcy. Swaziland has had to cease exporting beef to the EEC altogether.

M. Cheysson accepted that there was some truth in ACP complaints about lack of consultation and that difficulties were likely to arise over the agreement on rum imports. But he stressed that, legally, the Commission had acted correctly since the interim arrangements for Lome were, by agreement, being put into force unilaterally on July 1. The ACP States had also not consulted the Community in implementing their side of the interim arrangements.

First for semen export

BY OUR COMMODITIES STAFF

UNIVERSAL LIVESTOCK Services claimed a significant breakthrough in Britain's agricultural exports to the U.S. yesterday.

A consignment of more than 11,000 doses of semen from eight Meuse Rhine Issel bulls brought from Holland to Britain, which left London Heathrow airport for the U.S., was the first export of cattle semen to the U.S. from Britain, the company said.

"This is a major export breakthrough for British agriculture. Cattle breeders in the U.S. are crying out for Meuse Rhine Issel semen and we could have sold five times as much if it had been available. Now we hope to export semen from our native breeds, such as British Friesian and South Devon later this year," said Mr. Roger Watkiss, ULS general manager.

Tin pact to be approved tomorrow

By David Egli

GENEVA, June 19.

THE FULL text of the fifth International Tin Agreement will be approved on Saturday by the closing plenary meeting of the UN tin conference.

It includes an arrangement for continuing the present system of mandatory contributions by producer countries for building up a buffer stock of up to 20,000 tonnes. But an important new aspect of the Agreement will be the possibility of adding an additional 20,000 tonnes to the tin buffer stock on the basis of voluntary contributions by consuming countries.

The details and the extent of these contributions have yet to be worked out, but with the principle agreed upon, it is stressed here that there is another year in which a decision on the precise scale of contributions can be worked out, before the fifth Agreement comes into effect.

The need to have all or part of this additional buffer stock contingency will also depend on the exetent to which the U.S. will co-ordinate its tin surplus disposal sales with the Tin Council.

At what is expected to be its last meeting of the Geneva session, the International Tin Council declared July 1 to September 30 as an export control period with total permissible tin exports set at 33,000 tons—exactly the same level as in the preceding quarter. This means that Malaysia will be entitled to export 14,388 tons, Bolivia 5,960 and Thailand 4,142 tons.

The Council, through the work of an ad hoc committee, is also continuing a review of the situation in the buffer stock operations which resulted in the decision by the executive chairman of the Tin Council to suspend the buffer stock manager and his assistant. No details of these discussions are expected to emerge at this stage.

N.S. Wales wheat crop

SYDNEY, June 19.

THE 1975-76 New South Wales (NSW) wheat crop is causing extreme concern. Mr. R. F. Komoll, the State Agriculture Department's principal agronomist) says in a monthly report that heavy rains in coastal NSW have not moved inland to any great extent and the situation remains poor in most wheat belt areas.

Reuter

SALMON FISHING

Failure of the best laid plans

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

A YEAR ago I planned an attack on the Scottish salmon. The river I chose is fed from a large loch and should always contain water. The run of fish is usually at its height during this period. My equipment is of the best and my heart is stout. Ready to spend all day in the roaring torrent, thrashing the river.

But there are no fish. Something has gone wrong with their migration and, to make matters worse, there is no more than a trickle. So I am left reflecting on the futility of most human planning, particularly where the climate and life pattern of plants and animals are concerned.

I knew I was taking a risk; the Scottish climate is notoriously unreliable and the salmon a more than fickle species.

The only ones who were sure to gain from the enterprise were the local landowning and hotel interests. They took advantage of my enthusiasm—a most costly factor in any business, particularly farming, because it blinds one to realities.

Groundnuts

The groundnuts scheme is an example: This was going to supply a hungry world with fat. An enormous sum was poured into the East African project, and it came to nothing. Not because of bureaucratic incompetence. Not because it was run as an Army exercise, but simply because no one had studied the soil.

Groundnuts, as their name implies, live in the soil and harvesting entails digging them out. Most of the land where the scheme was started was of a clay type, which sets hard and bricklike in drought, inhibiting both growth and harvest.

One or two farmers and journalists who visited the scene pointed this out and were roundly abused for their pains. But if a practical man had visited the site before the project was started, a lot of time and money would have been saved.

Some years ago, I attended the opening of a magnificent meat factory in Northern Ireland. Everything was planned to the last chop and steak. Except for one thing—provision of the livestock.

No one had allowed for the fact that to buy the livestock, not only would rivals have to be bid against, but the differing systems between north and south meant that the border had an unpredictable effect on the supply and cost of cattle. The evidence of all this was to hand, but no one had taken the trouble to consider it.

I have just been looking at a number of trout farms here in the Highlands set up with great enthusiasm and money and; in some cases, help from the taxpayer. Anyone planning such an enterprise would have been assured that, in the Scottish summer, there would be ample water of exceptional purity. So there is for ten or 11 months of the year, most years. But a characteristic of Scottish topography is that the rain soon runs off the land; after a few days without rain, the rivers go down, the trout are short of water, short of oxygen and die.

Nowhere is the enthusiast more at fault than when he fails to take into account the frailty of human nature. I must have attended the birth of numberless farming co-operatives. Almost all have failed, mainly because the instigators either have not taken into account the difficulties of the market, or they cannot believe that farmers who joyfully pledge support on one day will sell their produce to the first merchant who offers them a few pence more a week later.

A plethora of groups was launched a few years ago whose members were supposed to supply a given number of lambs a week to certain wholesalers. The organisers forgot to take into account the fact that lambs, more than any other livestock, mature according to the climate of the year and not according to the calendar.

Dream

I must confess that there was a time when I had dreams myself, but I was saved from disaster by the fact that I never had any funds. Bank managers, when approached, wanted to see the colour of my money or my collateral before they would help. Progress in farming generally comes from a painstaking grind, with practices already well established.

Of course, if I had planned my fishing as I do my farming, I should have rung the ghillie before I started north to make sure my journey would not have been wasted. In fact, so uncertain are the prospects, anyway, that I would probably have been better not to have arranged to come at all.

But had I stayed at home, I might have fallen for some farming scheme which would have cost me a great deal more! Everyone should be allowed one little enthusiasm a year.

Food aid target may not be reached

BRUSSELS, June 19.

ONLY a large contribution from the EEC could enable the United Nations World Food Council to meet its 1975 target of 10m. tonnes of emergency grain aid to the developing world, said the council's executive director, Mr. John Hannah.

But council officials said EEC farm commissioner, M. Pierre Lardinois, had told them that the Community may pledge only 300,000 tonnes, against a shortfall of 1.5m.

Informed EEC sources said 360,000 tonnes of grain had been offered but no final decision had been taken. The matter could be raised at the Common Market Councils of Foreign and Agriculture Ministers in Luxembourg next week.

The sources said the Commission wanted to make a large contribution to the council's target, but some member states were refusing to raise their commitments.

Mr. Hannah told a news conference that the U.S. was contributing 5.5m. of the 10m. tonnes this year and Australia and Canada had given generously. Of the regular grain surplus areas, only the Common Market had not announced its intentions, he said.

Reuter

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Lower again on the London Metal Exchange. The fall in the U.S. overnight coupled with the steadier tone of sterling caused a further modest decline in prices with forward metal ending at the day's lowest of £525 on the afternoon Kerb. Influential demand was again reported for cash metal although early market forecasts are for a further increase in warehouse stocks over the week. Turnover 15,700 tonnes.

Amalgamated Metal Group reported that in the morning, cash wirebars traded at £517.5, 19, three months £536, 37, 37.5. Cathodes: cash £507.5, three months £526. Kerbs: Wirebars: cash £515.5, three months £537, 36.5. Afternoon: Wirebars: cash £518.5, 19, 17.5, three months £536, 36.5, 37, 36. Cathodes: cash £505. Kerbs: Wirebars: late June £519.5, three months £536, 35.5, 35.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	519.5	—8.75	517.8	—3.25
3 months	537.8	—9.25	535.5-6	—3
Settlem'nt	519.5	—9	—	......
Cathodes				
Cash	507.5	—9	605.5	—4.75
3 months	526.5	—8	524.5	—3.75
Settlem'nt	507.5	—9	—	......
U.S. Smt.	—	......	*60-63.7	......

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	3029-31	—27.5	3028-32	—6.5
3 months	3045-6	—25.5	3044-5	—9
S'ment	3031	—29	—	......
Standard				
Cash	3029-31	—27.5	3028-32	—6.5
3 months	3045-6	—25.5	3044-5	—9
S'ment	3031	—29	—	......
Straits E.	†$-37	......	—	......
New York	—	......	*345.75	+5.00

TIN—Easier. Influential borrowing of cash metal narrowed the contango but prices closed lower in quiet trading, the market awaiting a statement from the ITC meeting in Geneva about further [illegible]

LEAD

ZINC

SILVER

COCOA

COFFEE

RUBBER

SOYABEAN MEAL

GRAINS

FREIGHTS

DRY CARGO—Chartering was slow to develop but limited grain business emerged including heavy grain from Great Lakes to Ghent/Hamburg range at $12.50 f.i.o. completing loading at St. [illegible] emerged including heavy grain from Port Cartier to Seaforth was arranged [illegible]

SUGAR

LONDON DAILY PRICE

JUTE

WOOL FUTURES

MEAT/VEGETABLES

COVENT GARDEN (prices in sterling)—Imported produce: Oranges—Jaffa: Valencia Lates 2.30-3.50: Californian: 3.20-3.50: Cyprus: 2.70-3.50: South African: 2.50-3.15. Grapefruit—Jaffa: 2.50-2.80: Florida: Red Blush 3.80: South African: 2.10-3.25. Lemons—Italian: 3.30-3.40: South African: 3.00-2.70: Spanish: 2.50: Californian: 3.40-3.50. Apples—South African: Starking Delicious 4.60-5.00. Golden [illegible]

COTTON

LIVERPOOL COTTON—No spot or shipment sales were recorded, leaving the total for the week so far at 798 tonnes, F. W. Tattersall reports. Spinners remained unwilling to contemplate further business, although retail inquiry was in evidence for Middle Eastern and Latin American styles.

Further fall in price of quicksilver

THE LONDON freemarket price for quicksilver fell again yesterday, to a range of $110 to $115 per flask c.i.f.—a drop of about $9 from previous levels and believed to be the lowest prices reached in post-war trading.

The movement stemmed from a burst of selling by dealers on a market which has been drifting steadily lower in the face of negligible consumer offtake and a heavy world over supply situation, reports Reuter.

COPRA DUTY

KUALA LUMPUR, June 19.

The Malaysian Government has cut the export duty on copra to 41.60 cents a tonne, from 42.80 cents, effective since June 11.

It left the duty on rubber and palm kernel unchanged at 7.75 cents a pound and 47.05 cents a tonne respectively. The duty on rubber includes research and replanting levies totalling 5.5 cents a pound.

Reuter

PRICE CHANGES

Prices per ton unless otherwise stated.

	June 19 1975	+ or —	Month ago
Metals			
Aluminium	£396	......	£395
Free market	£290-305	......	£275-285

FINANCIAL TIMES

REUTER'S

DOW JONES

MOODY'S

GRIMSBY FISH

U.S. Markets

Grains fall on weather report

NEW YORK, June 19.

SILVER closed lower despite a late rally, while copper declined in featureless trading. Profit-taking forced cocoa higher after making new contract lows yesterday. Sugar finished higher on trade buying. Chicago grains closed lower in maize and wheat on reports of clearing weather in key growing areas. Beans closed higher in a lacklustre session. Bache reports.

Cocoa—Ghana spot 63 (62). Bahia spot 52 (51). July 45.93 (44.65). Sept. 41.95 (41.10). Dec. 41.55. March 41.75. May 42.15. July 42.60 nom. Sept. nil. Sales: 1,137.

Coffee—Spot Santos No. 4 unquoted (unquoted). Colombian Mams unquoted (unquoted). "C" Contract: July 55.75 (56.45). Sept. 57.30-57.50 (57.90). Nov. 57.50 bid. Dec. 57.60. March 57.75. May 58.10-58.15. Sales: 500.

Copper—June 52.10 (52.40). July 52.20 (52.50). Aug. 52.70. Sept. 53.10 settlements. Sales: 1,335.

Cotton—July 45.99-46.00 (45.60). Oct. 47.25-47.45 (47.20). Dec. 47.95-48.00. March 48.95. May 49.45. July 50.10-50.25. Oct. 50.55 bid. Dec. 50.50 bid. Sales: 2,072.

†Gold—June 163.00 (162.90). July 163.40 (164.30). Aug. 164.30. Oct. 166.50. Dec. 168.50. Feb. 171.10. April 173.40. June 175.60. Aug. 177.90. Oct. 180.10. Sales: 1,129.

Greasy wool—Spot 134.0 nom. (same). July 132.5-136.0 (132.5). Oct. 136.0-137.0 (136.0). Dec. 137.0-139.0. March 137.0-140.0. May 137.0-140.0. July 137.0 bid, Oct. 137.0 bid.

†Lard—Chicago loose 27 nom. (26) asked. NY drummed 32 nom. (32 nom.).

††Maize—July [illegible]

Holts

(Automotive Chemicals Products)

Extracts from the Holt Products Limited Annual Report and from the Report by the Chairman and Managing Director, John Parkin.

	Year ended 31.1.75 £'000s	Year ended 31.1.74* £'000s
Group pre-tax trading profit	701.7	614.6
Group trading profit after tax	330.5	272.9
Net Dividends (gross equivalent)	147.1 (25.9%)	147.1 (25%)
Profit Retained	177.9	162.0

*Adjusted

In spite of the national difficulties during the past year, the recovery of the Company has continued and once again profits have increased.

Pre-tax trading profits of £701,732 were 14.2% greater than those of the previous year.

After deducting provisions for taxation and the interests of minority shareholders, there remains a net trading profit attributable to members of Holt Products Limited of £325,038.

The Directors recommend a final dividend of 1.005p per Ordinary Share making a total for the year of 1.705p per Ordinary Share which together with imputed tax credits is equivalent to a distribution of 25.9% gross.

The results for the first three months of the current financial year are considerably below the targets which were set for the period and it is unlikely that the shortfall will be made up in the remaining nine months.

Budgets are being revised to minimise the effects on our profits of this shortfall and every effort is being made to ensure that targets for the rest of the year will be achieved.

STOCK EXCHANGE REPORT

Late improvement but trading almost at a standstill

Index up 2.6 at 328.6—Gilts continue quietly

Account Dealing Dates

*First Dealings	Declarations	Last Dealings	Account Day
Jun. 2	Jun. 12	Jun. 13	Jun. 24
Jun. 16	Jun. 26	Jun. 27	July 8
Jun. 30	July 10	July 11	July 22

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Apart from a small late mark up in leading industrials on vague rumours that the railway pay negotiations had reached a successful conclusion, stock markets passed another extremely quiet session yesterday. The extent of the "after-hours" rise was shown in the FT 30-share index which extended a gain of 0.7 at 3 p.m. to one of 2.6 at 328.6 by the close. Prior to the rumours, business had come almost to a standstill in many quarters as shown in a further sharp contraction in official markings from the previous day's low level of 5,745 to 4,588. British Funds also showed few signs of life, although short-dated issues managed a few scattered minor gains by the close.

Once again, it was left to companies making trading statements and to bid developments to provide the features: even in these exceptional cases, however, price movements rarely exceeded 5 although rises were in a slight majority over falls in FT-quoted Industrials.

Despite the easier trend in the bullion price, Gold shares were helped by an improvement in the dollar premium and the Gold Mines index gained 5 points more to 383.7.

Gilts very quiet

Had it not been for small non-professional demand for selected short-dated low-coupon issues, Gilt-edged would have been exceptionally quiet. Late rumours of a rail settlement failed to influence the market which was content to await an official communique. Consequently, most mediums and longs were again unchanged with the exception of the low-coupon Treasury 3½ per cent. 1979-81, up another ¼ at 73½ on a continuation of the previous day's buying. Gains of a similar amount were made by several shorts. The failure of the City of Westminster 13 per cent., 1981, issue, 71.9 per cent. of which was left with the underwriters, made no impact on Corporations which retained earlier rises extending to ½.

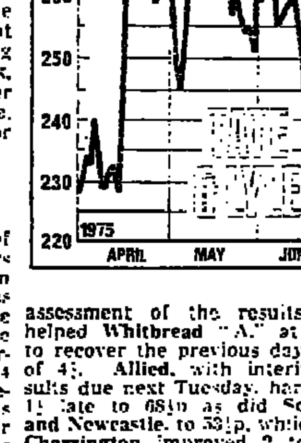
The investment currency market followed the previous day's later firm tendency and the premium closed 2½ points up at 95 per cent. Closely following the overnight trend in New York, U.S. stocks rallied with the higher premium an additional incentive. Yesterday's S.E. conversion factor was 0.5870 (0.5991).

Banks hold steady

Still awaiting the outcome of the rail-pay negotiations, investors were once again content to sit on the sidelines in Banks. Prices remained at, or very near, the overnight levels throughout the day. Irish issues ventured forward cautiously with Allied 4 dearer at 120p and Bank of Ireland 5 better at 450p. Overseas banks took a turn for the better with Bank of New South Wales 15 up at 620p and Hong Kong and Shanghai 7 firmer at 240p. Idle Merchant Banks were noticeable only for a slight improvement of 10 to 255p in Schroders, a thin market. Cattle's (Holdings) hardened 1 to 24p on further consideration of the record profit in otherwise featureless Hire Purchases.

Another very quiet day on the Insurance pitch saw prices continue their downward drift on lack of support.

After failing to attract much interest during market hours, Breweries came to life in the late trade and closed firmer for choice. Still benefiting from the better-than-expected interim profits, Arthur Guinness firmed 9 to a 1975 "high" of 121p, for a two-day gain of 15. A further



assessment of the results also helped Whitbread "A" at 62½p to recover the previous day's fall of 4½. Allied, with interim results due next Tuesday, hardened 1½ late to 68½p as did Scottish and Newcastle, to 53½p, while Bass Charrington improved 2 to 99p. Elsewhere, Distillers retrieved an earlier loss of 2 to finish unaltered at 136p. Awaiting further news from Whitbread on the bid situation, Long John International held steady at 170p.

Small falls were fairly common in Buildings. Associated Portland Cement eased 4 to 142p, while Newarthill, 57p, and Helical Bar, 27p, shed 3 apiece. A. Monk, ahead of to-day's preliminary statement, gave up 2 to 25p. H. C. Janes hardened 2 to 128p on further consideration of the preliminary figures, while Modern Engineers put on 3 to 31p as did Anglo American Asphalt, to 63p. Timbers lost ground with Parker and Phoenix both closing 3 cheaper at 55p and 60p respectively.

ICI eased 2 to 280p, sentiment being partly affected by the shut-down of the company's key plant at Wilton on Teesside. Other Chemical issues were quiet and little-changed.

Plessey firm

After moving narrowly in quiet trading throughout the day, leading Electricals hardened "after-hours", to leave minor net gains. Plessey finished 3 better at 72p awaiting annual results, expected next Wednesday. EMI closed similarly firmer at 178p, while GEC put on 2 to 125p. However, Reyrolle Parsons ended a penny off at 58p, after 57p, and Thorn Electrical 2 easier at 164p. Secondary issues seldom stirred from overnight levels. BSR remained in easier vein and shed another 3 to 68p, while Comet Radiovision slipped 2 to 36p.

Leading Stores closed with modest losses following a reasonable trade and Marks and Spencer were finally 2 cheaper at 217p, after 215p. Among secondary issues, W. H. Smith "A" declined 4 more to 384p, after 382p, on small selling in an unwilling market, while N. Brown Investments eased 3 to 31p on the preliminary figures. Among the smaller-priced issues, John Stephen hardened a penny to 9p and Knott Mill firmed 2 to 14p. Weston Pharmaceuticals made no apparent response to the preliminary statement, closing unchanged at 33p.

Engineerings were no exception to the rule and were described as colourless. Most leaders were finally unaltered although Tube Investments lost 2 to 254p, after 250p. Sheffield Twist developments were intriguing, Thorn surprisingly indicating that it would increase its revised offer with SKF later claiming a 38.38 per cent. acceptance to its offer and further extending it: as a result Sheffield Twist hardened 1 to 92½p. "Rights" issue announcements failed to alter Anderson Strathclyde, 142p, but lifted Senior marginally to 17p. Good results took A. Cohen up 3 to 140p, but poor interim figures lowered E. Scragg, 8p, and United Spring, 12p, by 1 apiece. Demand in a thin market lifted Newman's Tubes 6 to 51p, while more spirited buying raised Babcock and Wilcox 3 to 113p.

Tate and Lyle were again well to the fore in Foods, rising to 249p on the better-than-expected results before closing 7 better on balance at 246p. Cavenham hardened 3 to 130p following Press comment on the results, while Cullens Stores "A" put on 4 to 59p following the preliminary statement. Taverner Rutledge attracted a reasonable turnover and closed 8 higher at a 1975 peak of 58p. Manbre and Garton put on 4 at 123p as did Meat Trade Suppliers at 68p. Matthews Holdings ended unchanged at 53p after the half-yearly report, but Midland Cattle Products finished a penny easier at 75p despite the increased dividend and profits.

Standing at 164p ahead of the results, J. Lyons "A" moved up to 178p on the better-than-expected profits before closing 11 higher on balance at 176p. Press comment directed attention to Monitor Holidays, the Ordinary and "A" both closing 3 better at 12p and 11p respectively.

Avon Rubber lower

Miscellaneous Industrial leaders continued to trade quietly, although sentiment brightened in the late afternoon on hopes of a settlement of the rail dispute. Beecham finished 9 to the good at 293p, while rises of around 6 were recorded in Bowater, 167p, Reed International, 245p, Unilever, 382p, and Glaxo 368p. Glaxo "new" picked up 3 to 163p. Boots eased to 233p, but recovered to 236p for a net loss of only a penny. The Australian-based Broken Hill Proprietary gained 10 at 695p. Elsewhere, Avon Rubber remained depressed by the interim dividend omission and half-time loss and closed 9 lower at 33p, after 28p, for a two-day fall of 23. The preliminary statement brought a reaction of 6 to 110p in Powell Duffryn, while Dom Holdings shed 2 to 50p on consideration of the lower profits. Rexmore, 32p, gave up the previous day's gain of 2 which followed the preliminary report. In contrast, Time Products benefited from the chairman's statement with the full report and rose 4½ to a peak for the year of 69½p. Dobson Park added 2½ at 36p in response to the half-year profits advance, while Unerman, still on the preliminary figures, gained 2 more at 40p. AD International improved 5 to 87p, Johnson Matthey 4 to 272p, and Caravans International 2 to 14p. Giltspur added 2 at 36p in front of next Monday's results.

Movements of note were few and far between in Motors and Distributors. Rolls-Royce hardened 1½ to 61½p, while Wadham Stringer held at 21p following news that the proposed share offer from Provincial Laundries had been withdrawn, but Henlys, ahead of to-day's interim statement, shed a penny at 42p. Glanfield Lawrence closed without alteration at 18p following the half-yearly report.

A continuation of the recent very slow trading conditions in Newspapers left minimal changes in each direction. The situation in Paper/Printings, where John Waddington "B" eased 2 to 96p, was identical.

Properties idle

Idle conditions continued to prevail in leading Properties and prices closed just a shade better for choice. Land Securities ended 2 firmer at 177p, but Amalgamated Investment lost a penny to 39½p. Elsewhere, Capital and Counties were helped by property sale news and hardened 1½ to 29½p. Bradford Property, 104p, and the Australian Lend Lease, 266p, gained 4 apiece, while Great Portland Estates, 218p, and Bernard Sunley, 145p, both put on 3. House Property of London shed 2 to 33p on the year's loss and dividend cut, while Haslemere Estates, on the preliminary report, eased similarly to 212p. Anston Holdings, 26p, and Percy Bilton, 123p, shed 3 apiece.

The apathy in Oils was even more apparent than on Wednesday and price changes were few. British Petroleum eventually hardened 2 to 527p, after 523p, but Shell closed unaltered at 313p, having been marginally both cheaper and dearer. The shareholders action group's meeting with a Government Minister had no effect on Burmah, which held at 32p. Investment currency influences helped Royal Dutch rise ½ to £28¼, while domestic market advices took Ranger up ¾ to £14¼. Woodside-Burmah 4 higher to 66p and Associated Australian 6 better to 130p.

Overseas Traders were again in firm vein. S. and W. Berisford responded to the increased half-year profits with an improvement of 4 to 160p. South African Distilleries and Wines rose 15 to 320p, Inchcape 4 to 367p, and James Finlay 3 to 130p. Lonrho suffered a fresh reaction to 128p, but picked up to 133p for a net gain of a penny.

Little of interest took place in Trusts and Financials which displayed an irregular tendency. Lubok 12 per cent. Convertible put on 2 more points to £173 and, in a thin market, Massmutual Mortgage and Realty Investors gained 35 to 795p.

In lethargic Shippings, P. and O. Deferred edged forward a penny to 97p. Following the results, British and Commonwealth were untested and closed unaltered at 169p.

Idle for most of the day, Courtaulds managed to edge forward 1p to 123p "after-hours." Elsewhere in Textiles, Tomkinsons hardened 2 to 50p but RKT lost that much to 38p.

Tobacco leaders met with the smallest business for some while but firmed up a little in the later stages. Imps closed 2 dearer at 60p.

Golds edge up

Gold shares edged higher despite the easier tendency in the bullion price which closed $1.25 down at $162.75 per ounce. Share prices were helped by the firmness in the investment dollar premium coupled with a modest demand from Continental and U.S. sources. The Gold Mines index gained 5 to 383.7.

Mining Finance issues were also firmer with "Amgold" putting on £1¼ to £42 on further consideration of the good half-yearly results. London buyers were seen in "Johnnies," which rose ½ to a year's "high" of £27, while Anglo gained 8 to 484p. Charter hardened to 172p in front of the chairman's forecast of maintained profits in the current year.

Following news that because of cost-inflation coupled with the depressed market for nickel a go-ahead decision for the Agnew project has been deferred, Selection Trust eased 10 to 605p but shares of the partner MIM Holdings were unchanged at 203p.

Platinums were inclined to ease in the absence of any follow-through to recent Johannesburg buying. Potgietersrust lost 5 to 220p.

Australians improved in line with the better trend in Sydney and Melbourne overnight. The feature was Pancontinental which jumped 50 to 360p. Poseidon, on the other hand sagged 5 to a year's "low" of 350p, being under the shadow of the proposed "rights" issue and the low level of nickel and copper prices.

Tin shares were generally lower with Berjuntai falling 10 to 370p and Malayan losing 6 to 182p. Elsewhere, Sabina hardened 1½ to 85p following Press comment.

FINANCIAL TIMES STOCK INDICES

	June 19	June 18	June 17	June 16	June 13	June 12	A year ago
Government Secs.	58.12	58.09	58.09	58.14	58.32	57.56	55.58
Fixed Interest	57.73	57.57	57.54	57.59	57.43	57.22	55.43
Industrial Ordinary	328.6	326.0	330.6	335.6	340.6	334.7	352.3
Gold Mines	383.7	378.7	370.0	369.4	379.9	386.4	515.5
Ord. Div. Yld. %	6.15	6.17	6.09	6.00	5.83	5.92	7.93
Earnings Yld. % (full) (a)	18.16	18.23	17.99	17.75	17.45	17.73	20.51
P/E Ratio (net) (a) (b)	7.88	7.82	7.93	8.04	8.18	8.05	6.88
Dealings marked	4,588	5,745	5,698	5,859	6,334	6,706	†5,981
Equity turnover £m.	—	39.47	50.07	48.66	82.58	77.73	39.01
Equity bargains total	—	11,606	13,642	14,266	18,062	18,460	12,597

10 a.m. 326.7. 11 a.m. 326.9. Noon 326.0. 1 p.m. 326.4. 2 p.m. 326.1. 3 p.m. 326.7.

Latest Index 01-246 8026. †Excluding regional exchanges.

(a) Based on 53 per cent. corporation tax. (b) Nil=7.82.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. S.E. Activity July-Dec. 1942.

HIGHS AND LOWS

	1975 High	1975 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	62.34 (20/5)	49.18 (3/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	62.51 (21/3)	50.53 (3/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	365.3 (6/6)	146.0 (6/1)	543.6 (19/5/72)	49.4 (26/6/40)
Gold Mines	442.3 (22/5)	280.2 (20/1)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	June 19	June 18
Daily—		
Gilt-Edged	108.5	136.5
Industrials	167.2	205.0
Speculative	47.8	46.1
Totals	104.4	130.8
5-day Av'r'ge		
Gilt-Edged	126.9	131.8
Industrials	197.7	210.1
Speculative	49.1	51.4
Totals	128.5	138.1

F.T.—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times The Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS — GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section.

	Groups & Sub-sections	Thursday, June 19, 1975 Index No.	Day's Change %	Est. Earnings Yield % (Max.) (Corp. Tax 52%)	Gross Div. Yield % (ACT at 35%)	Est. P/E Ratio (net) (Corp. Tax 52%)	Est. P/E Ratio (nil) (Corp. Tax 52%)	Wed. June 18 Index No.	Tues. June 17 Index No.	Monday June 16 Index No.	Friday June 13 Index No.	Year ago (approx.) Index No.	1975 High	1975 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (181)	119.45	−0.3	19.64	6.69	7.54	7.53	119.76	120.75	122.20	121.75	91.81	131.26 (6/6)	51.78 (6/1)	206.37 (4/5/72)	15.70 (13/12/74)
2	Building Materials (30)	101.26	−0.6	19.64	7.76	7.85	7.82	101.89	102.72	104.25	105.05	92.75	117.40 (22/4)	45.11 (6/1)	233.84 (2/5/72)	44.27 (11/12/74)
3	Contracting, Construction (23)	224.54	−0.9	17.28	3.97	8.65	8.65	226.65	227.23	230.83	235.41	149.59	251.61 (23/4)	74.74 (6/1)	389.33 (19/5/72)	71.48 (12/12/74)
4	Electricals (16)	214.63	—	17.54	5.50	8.22	8.20	214.55	218.35	219.77	223.53	167.07	234.64 (6/6)	98.49 (2/1)	350.04 (4/5/72)	84.71 (25/6/62)
5	Engineering (Heavy) (13)	145.04	+0.5	24.35	7.45	6.25	6.25	144.39	144.57	146.49	145.69	98.51	159.79 (22/4)	64.39 (2/1)	202.57 (6/6/73)	64.39 (2/1/75)
6	Engineering (General) (65)	105.93	−0.3	20.71	7.57	7.08	7.08	106.20	106.65	107.96	107.15	75.95	117.40 (6/6)	45.43 (6/1)	168.59 (4/5/72)	45.43 (6/1/75)
7	Machine and Other Tools (11)	42.99	+1.2	14.28	8.27	12.64	12.64	42.48	42.13	42.89	42.21	32.49	48.98 [illegible]	20.11 (2/1)	136.70 (4/7/66)	19.96 (17/12/74)
8	Miscellaneous (23)	109.32	−0.1	25.00	7.15	6.34	6.34	109.42	110.47	112.11	112.00	85.90	121.76 (6/6)	49.65 (6/1)	177.41 (27/4/72)	49.65 (6/1/75)
9	CONSUMER GOODS (DURABLE) (59)	85.96	—	20.67	7.13	7.20	7.18	85.99	86.27	86.95	86.46	79.69	93.15 (5/6)	38.39 (6/1)	227.78 (21/4/72)	38.39 (6/1/75)
10	Electronics, Radio TV etc. (15)	98.70	−0.5	20.49	5.25	7.11	7.10	99.23	98.74	99.55	98.91	93.34	106.34 (6/6)	44.26 (6/1)	257.41 (19/5/72)	42.85 (12/12/74)
11	Household Goods (15)	131.05	−0.3	32.87	8.14	4.42	4.42	131.38	132.23	135.18	135.96	139.56	146.90 (25/4)	64.53 (6/1)	263.22 (4/5/72)	63.92 (17/12/74)
12	Motors and Distributors (29)	46.98	+0.8	15.76	9.45	10.06	9.98	46.61	47.27	47.63	47.19	40.90	50.91 (6/6)	19.91 (6/1)	170.59 (15/1/69)	19.91 (6/1/75)
13	CONSUMER GOODS (NON-DURABLE) (164)	134.50	−0.6	15.01	6.15	9.52	9.47	135.50	136.58	137.64	137.10	98.81	146.45 (6/6)	61.98 (6/1)	226.08 (15/2/72)	61.41 (13/12/74)
14	Breweries (16)	151.78	+1.2	13.18	8.54	11.36	11.56	149.95	151.09	155.35	152.62	114.23	163.83 (6/6)	75.58 (6/1)	281.87 (28/11/72)	69.47 (13/12/74)
15	Wines and Spirits (8)	160.37	−1.6	14.04	5.86	10.50	10.50	163.00	162.91	164.14	162.31	123.93	176.43 (6/6)	80.42 (6/1)	257.40 (15/7/72)	78.88 (13/12/74)
16	Entertainment, Catering (16)	148.86	+0.1	15.03	7.55	9.89	9.89	148.65	148.57	148.41	145.13	111.12	158.44 (27/5)	55.28 (6/1)	329.99 (12/12/72)	54.83 (9/1/75)
17	Food Manufacturing (22)	146.79	+0.4	14.20	5.36	9.64	9.60	146.14	146.85	148.47	148.74	98.67	156.57 (6/6)	62.03 (2/1)	211.65 (14/11/74)	59.67 (11/12/74)
18	Food Retailing (16)	133.91	−0.8	11.75	4.77	12.66	12.66	135.01	137.59	137.75	136.50	88.43	149.17 (4/6)	57.15 (2/1)	238.08 (13/5/72)	54.25 (11/12/74)
19	Newspapers, Publishing (15)	140.13	−0.7	17.09	6.82	8.82	8.82	141.17	140.61	142.32	142.43	123.75	152.14 (6/6)	55.08 (6/1)	260.29 (15/1/72)	55.08 (6/1/75)
20	Packaging and Paper (13)	95.63	−0.7	25.22	7.15	5.85	5.86	96.27	97.04	97.69	97.75	67.60	107.12 (20/5)	43.46 (6/1)	135.59 (26/4/72)	43.46 (6/1/75)
21	Stores (30)	117.70	−1.7	11.72	5.51	12.77	12.77	119.68	119.85	121.37	122.22	81.07	132.94 (2/5)	52.63 (6/1)	204.39 (16/5/72)	52.63 (6/1/75)
22	Textiles (19)	133.81	−0.9	26.25	7.92	4.55	4.41	134.44	137.66	135.76	136.57	107.41	145.07 (27/5)	62.91 (6/1)	253.72 (17/5/68)	62.66 (11/12/74)
23	Tobacco (3)	183.58	−0.9	13.04	7.26	8.24	8.24	185.19	189.35	190.30	187.60	163.94	199.16 (10/5)	109.92 (6/1)	339.16 [illegible]	94.34 (13/6/62)
24	Toys and Games (6)	41.53	−1.3	30.41	7.43	4.60	4.60	42.07	41.68	41.66	41.49	35.09	44.08 (6/6)	20.92 (6/1)	135.72 (14/1/70)	20.92 (6/1/75)
	OTHER GROUPS (92)															
25	Chemicals (24)	174.33	−0.1	20.19	5.19	7.09	7.09	174.59	177.05	176.57	179.65	121.12	189.17 (6/6)	73.14 (6/1)	201.92 [illegible]	71.20 (11/12/74)
26	Office Equipment (10)	87.04	−0.6	16.41	6.10	8.20	8.20	87.60	88.30	88.20	87.46	95.14	104.78 (17/4)	45.34 (2/1)	249.06 (1/5/72)	45.34 (2/1/75)
27	Shipping (12)	348.77	−0.6	22.89	6.89	5.58	5.39	346.97	345.22	349.45	350.37	306.05	401.84 (10/5)	194.38 (6/1)	517.00 (12/12/72)	90.80 (29/6/62)
28	Miscellaneous (46)	139.98	—	13.87	7.00	7.66	7.65	139.99	141.68	142.77	142.44	110.38	153.58 (6/6)	60.39 (6/1)	255.83 (2/4/72)	60.39 (6/1/75)
29	INDUSTRIAL GROUP (496)	131.46	−0.4	17.54	6.26	8.21	8.18	131.94	133.08	134.33	134.02	100.36	145.43 (6/6)	59.19 (6/1)	220.17 [illegible]	59.01 (13/12/74)
30	OILS (4)	287.66	+0.2	25.58	5.27	4.19	3.91	287.09	289.12	286.00	285.00	192.85	296.47 (4/6)	105.83 (2/1)	431.66 (31/3/69)	87.23 (29/5/62)
31	500 SHARE INDEX	144.49	−0.3	18.97	6.11	7.15	7.00	144.88	146.03	147.05	146.56	108.24	156.14 (6/6)	63.49 (6/1)	227.95 (19/5/72)	63.49 (13/12/74)
32	FINANCIAL GROUP (100)	133.75	−0.4	—	5.33	—	—	136.25	138.10	139.06	135.17	97.21	148.45 (5/5)	56.50 (6/1)	241.41 (1/5/72)	55.88 (13/12/74)
33	Banks (6)	160.40	−0.1	23.16	4.91	6.43	6.43	160.31	165.80	169.06	168.79	117.89	177.11 (6/6)	62.56 (2/1)	285.32 (2/5/72)	62.44 (12/12/74)
34	Discount Houses (9)	146.14	−0.1	—	8.24	—	—	146.35	148.47	148.04	147.72	120.79	169.27 (7/5)	84.13 (6/1)	293.13 (1/5/72)	81.40 (10/12/74)
35	Hire Purchase (5)	91.25	+0.2	27.35	9.93	4.86	4.46	91.07	91.07	90.22	91.54	170.47	134.39 (10/3)	42.81 (6/1)	453.72 (1/5/72)	38.83 (11/12/74)
36	Insurance (Life) (9)	109.84	−0.8	—	6.32	—	—	110.71	110.11	111.20	110.77	79.87	127.97 (25/4)	44.88 (2/1)	194.46 (15/5/72)	44.88 (2/1/75)
37	Insurance (Composite) (7)	111.03	−1.1	—	5.94	—	—	112.32	113.00	113.96	112.36	67.36	123.90 (20/5)	44.47 (2/1)	155.76 (1/4/72)	43.96 (13/12/74)
38	Insurance (Brokers) (8)	194.37	—	10.47	4.36	14.20	14.20	194.37	193.94	195.29	193.51	135.20	211.50 (20/5)	68.56 (7/1)	262.57 (12/12/72)	65.86 (16/12/74)
39	Merchant Banks (19)	84.74	−0.1	—	7.44	—	—	84.79	85.04	85.74	86.26	86.64	94.97 (7/5)	31.21 (7/1)	278.57 (1/5/72)	31.21 (7/1/75)
40	Property (32)	186.88	−0.2	3.92	3.25	37.84	36.51	187.22	188.97	186.23	184.06	117.93	241.22 (22/4)	88.19 (7/1)	357.40 (9/11/73)	56.01 (20/4/65)
41	Miscellaneous (5)	73.56	—	13.56	9.02	10.74	10.62	73.56	73.74	73.39	73.06	76.48	75.78 (22/4)	34.76 (10/1)	303.13 (12/5/72)	33.29 (17/12/74)
42	Investment Trusts (50)	165.04	−0.4	3.07	4.22	32.57	32.57	165.70	166.30	168.85	168.34	113.71	178.53 (6/6)	73.43 (6/1)	245.79 (25/4/72)	71.63 (13/12/74)
43	ALL-SHARE INDEX (650)	142.83	−0.5	—	5.84	—	—	143.27	144.52	145.59	145.10	105.49	154.09 (6/6)	62.16 (6/1)	228.18 (1/5/72)	61.92 (13/12/74)
	COMMODITY GROUPS (Not included in 500 or All-Share indices)															
44	Rubbers (10)	417.34	−0.1	12.45	7.89	9.53	9.11	421.75	424.31	431.96	440.22	325.86	525.43 (23/5)	281.66 (2/1)	555.37 (7/73)	84.68 (25/8/66)
45	Teas (10)	97.28	−0.2	19.80	9.94	6.42	5.94	97.44	96.88	97.29	97.56	97.11	97.56 (13/6)	76.76 (10/1)	121.47 (1/5/72)	59.72 (17/10/74)
46	Coppers (3)	407.19	—	48.25	16.55	2.07	2.07	407.19	403.36	394.29	394.29	368.88	467.74 (27/5)	374.38 (22/1)	567.78 (15/7/73)	94.08 (29/4/63)
47	Mining Finance (11)	129.83	−0.1	9.39	4.07	11.61	11.58	129.92	129.66	131.89	134.09	87.74	141.34 (30/5)	80.56 (22/1)	175.90 (23/4/68)	66.31 (30/9/74)
48	Tins (8)	100.54	−1.6	10.14	8.24	12.70	10.91	102.16	102.47	104.83	104.77	80.90	114.49 (3/6)	58.91 (6/1)	125.43 (12/1/72)	54.83 (27/5/71)
49	Overseas Traders (13)	219.30	−0.4	15.98	4.11	7.96	7.94	220.11	219.69	222.16	221.71	—	252.23 (20/5)	97.37 (6/1)	252.23 (20/5/75)	97.37 (6/1/75)

	FIXED INTEREST	Thursday, June 19 Index No.	Yield %	Wed. June 18	Tuesday June 17	Monday June 16	Friday June 13	Thurs. June 12	Wed. June 11	Tuesday June 10	Year ago (approx.)	1975 High	1975 Low	Since Compilation High	Since Compilation Low
1	Consols 2½% yield	—	14.72	14.71	14.71	14.70	14.68	14.90	14.89	14.67	15.29	—	—	—	—
2	20-yr. Govt. Stocks (6)	47.20	‡15.72	47.22	47.24	47.26	47.33	46.63	46.65	47.45	47.76	53.09 (20/2)	38.27 (3/1)	115.42 (11/3/65)	38.27 (3/1/75)
3	20-yr. Red. Deb. & Loans (15)	45.76	‡15.07	45.76	45.74	45.75	45.79	45.77	46.11	46.24	45.77	50.68 (21/3)	37.01 (3/1)	113.48 (25/10/65)	37.01 (3/1/75)
4	Investment Trust Prefs. (15)	41.54	16.68	41.63	41.58	41.58	41.92	41.87	42.29	42.29	42.53	46.57 (25/3)	35.35 (3/1)	114.41 (15/9/58)	34.45 (4/12/74)
5	Coml. and Indl. Prefs. (20)	58.83	16.00	58.26	56.08	57.70	58.42	58.51	59.36	59.34	57.21	66.98 (25/3)	48.35 (3/1)	114.95 (7/10/65)	47.67 (6/1/75)

Section or Group	Base Date	Base Value
Overseas Traders	31/12/74	100.00
Engineering (Heavy)	31/12/71	153.84
Engineering (General)	31/12/71	153.84
Wines and Spirits	16/1/70	144.76
Toys and Games	16/1/70	135.72
Office Equipment	16/1/70	142.78
Industrial Group	31/12/70	128.20
Miscellaneous Financial	31/12/70	128.06
Food Manufacturing	29/12/67	114.13
Food Retailing	29/12/67	114.13
Insurance Brokers	29/12/67	96.67
Mining Finance	29/12/67	100.00
All Other	10/4/62	100.00

‡ Redemption yield. FT-Actuaries Indices are calculated by Extel Communications Limited (a member of the Exchange Telegraph Group) on an IBM 370 computer.

A list of the constituents of the FT-Actuaries Share Indices is now available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p. By inland post 16p. Commonwealth 18p. Foreign 23p.

DENOMINATIONAL CHANGE: Associated Biscuit 6½pc Cumulative Preference has been denominated 3.45pc Cumulative Preference.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1975 high	1975 low
Glaxo 'New'	Nil/pd.	10	163*	+3	192*	156*
Avon Rubber	£1	9	33	−9	85	28
ICI	£1	9	280	−2	302	118
Boots	25p	8	236	−1	276	91
BP	£1	8	527	+2	535	190
Tate & Lyle	£1	8	246	+7	279	91
BOC 'New'	Nil/pd.	7	3½*	—	4*	2*
Bats	25p	7	318	—	338	164
Powell Duffryn	50p	7	110	−6	141	53
Cons. Gold Fields	25p	6	249	+4	290	188
Imperial Group	25p	6	60	+2	66½	32
Lonrho	25p	6	133	+1	159	68
Marks & Spencer	25p	6	217	−2	256	95
RTZ	25p	6	177	+3	211	80
Whitbread 'A'	25p	6	62½	+4½	71½	34½

The above list of active stocks is based on the number of bargains recorded yesterday in the Official list and under Rule 163(1) (e). * Premium.

Option Report—3-month Call rates

OPTION DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Jun. 10	Jun. 23	Sept. 4	Sept. 16
Jun. 24	July 7	Sept. 18	Sept. 30
July 8	July 21	Oct. 8	Oct. 14

"Calls" were dealt in Siebens Oil and Gas, Charter Cons. and Lonrho. No "puts" were reported, while "doubles" were arranged in Burmah Oil, Babcock and Wilcox, Alliance Alders, Lonrho and Siebens Oil and Gas.

Industrials						Mines	
A. P. Cement	20	Grand Met.	9	Slater Walker	13	Anglo Amer.	50
Assoc Leisure	5	G.U.S. 'A'	20	Spillers	7	Broken Hill Prp.	75
Barclays Bank	35	Guardian	20	Tesco	6	Charter Cons.	22
Beecham	28	G.K.N.	28	Thorn 'A'	20	Chart'rh'll Fin.	8
Boots Drug	24	Hawker Sidd.	30	Tube Invest.	30	Cons Gold	25
Bowaters	30	House of Fraser	10	Unilever	40	De Beers Def.	25
B.A.T.	45	Hutson-Wilms	5	Utd. Drapery	12	F. S. Geduld	350
British Leyland	11	I.C.I.	24	Vickers	16	Great Boulder	12
British Oxygen	6	"Imps"	7	Woolworths	6	Hampton Areas	15
Burton 'A'	9	I.C.L.	7	Property		Hampton Prop.	4
Cadburys	6	Inveresk	10	Cap. Counties	7	Kloof	140
Courtaulds	14	Legal & General	17	E.P.	11	Lonrho	19
Debenhams	11	Lloyds Bank	30	Int. Europe	7	Loraine	55
Distillers	15	"Lofs"	7	Land Securities	22	Metals Explor.	8
Dunlop	6	"Mams"	9	Peachey	7	Poseidon	55
Eagle Star	16	Marks & Spncer	25	Town & City	6	Pres. Steyn	275
E.M.I.	20	Midland Bank	32	Town & Comm.	7	Rio T. Zinc	20
First National	5	Nat'l West Bank	30	Oils		Welkom	66
G.R.A. Trust	7	P & O Dfd.	16	Brit. Petroleum	45	West Areas	75
Gen. Accident	16	Plessey	10	Burmah Oil	6	Western M'ng.	15
Gen. Electric	14	R.B.M.	7	Shell	30	Zambia Copp	10
Glaxo	40	Rank Org. 'A'	25	Ultramar	21		
		Reed Int'l	28				

NEW "HIGHS" AND "LOWS" FOR 1975

The following securities (numbers in parentheses) among those quoted in the Share Information Service yesterday attained new "highs" and "lows" for 1975.

NEW HIGHS (36)

BRITISH FUNDS (2)
Electric 3pc '74-77 Savings 3pc '65-75
CORPORATION LOANS (1)
London Corp. 9¼pc 1984-85
FOREIGN BONDS (1)
Greek 4pc Mixed Assoc.
AMERICANS (4)
ASA Chase Manhattan
Assocd. Spring Cutler Hammer
CANADIANS (1)
Hudsons Bay Oil
BREWERIES (1)
Guinness
BUILDINGS (1)
Aberdeen Constr.
STORES (1)
Ratners
ENGINEERING (7)
Birmingham Mint Newmans Tubes
Cohen (A.) Record Ridgway
GEI Intl. Shaw Francis
Greening (N.)
FOODS (3)
Cullens 'A' Tavener Rutledge
Pork Farms
HOTELS (1)
Lyons (J.) 'A'
INDUSTRIALS (8)
Dobson Park Rennies Cons.
Feedex Renwick Group
Fertleman Time Prods.
Pauls & Whites Unerman
SOUTH AFRICANS (1)
Primrose
TRUSTS (1)
SPLIT Inc.
MINES (3)
Jo'burg Cons. Lydenburg
Vereeniging

NEW LOWS (6)

HOTELS (1)
Middleton
INDUSTRIALS (1)
Avon Rubber
OILS (1)
Burmah 8½pcLn. 1991-96
MINES (3)
Poseidon Tongkah Harbour
Geevor

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	12	—	41
Corpns. Dom. and Foreign Bonds	20	2	58
Industrials	304	233	1,211
Financial and Prop.	98	107	409
Oils	10	3	19
Plantation	2	11	35
Mines	51	29	71
Recent Issues	13	11	35
Totals	510	396	1,871

BASE LENDING RATES

AFI International	9½%
Allied Irish Banks Ltd.	9½%
Anglo-Portuguese Bank	10 %
Henry Ansbacher	10½%
Banco de Bilbao	9½%
Banco de Jerez	10½%
Bank of Cyprus	‡10 %
Banque du Rhone S.A.	10 %
Barclays Bank	9½%
Barnett, Christie Ltd.	11 %
Bremar Holdings Ltd.	10½%
Brit. Bank of Mid. East	9½%
■ Brown Shipley	10½%
Cayzer, Bowater Co. Ltd.	10½%
Cedar Holdings	10 %
■ Charterhouse Japhet	10½%
C. E. Coates	10½%
Consolidated Credits	12 %
Continental Trade Bk.	9½%
Co-operative Bank	* 9½%
Copleys Bank	11½%
Corinthian Securities	9½%
Credit Lyonnais	9½%
G. R. Dawes	10½%
Duboff Brothers	11½%
Duncan Lawrie	10½%
English Transcont.	11½%
First London Secs.	9½%
■ Antony Gibbs	10 %
Goode Durrant Trust	10 %
Greyhound Guaranty	9½%
Grindlays Bank	10 %
■ Guinness Mahon	10½%
■ Hambros Bank	9½%
Hawtin & Partners	13 %
■ Hill Samuel	§10 %
C. Hoare & Co.	† 9½%
Julian S. Hodge	10½%
Industrial Bank of Scot.	9½%
Jacobs, Kroll	11½%
Keyser Ullmann	10½%
Kinghurst Securities	12 %
Lloyds Bank	9½%
London & European	11½%
London Mercantile	11½%
Midland Bank	9½%
■ Samuel Montagu	9½%
■ Morgan Grenfell	9½%
Morris Wigram Ltd.	10½%
National Westminster	9½%
Northern Comm. Trust	11½%
Norwich General Trust	10 %
Portman Guaranty	11 %
P. S. Refson & Co.	9½%
Rossminster Accept'cs.	9½%
Royal Trust of Canada	10½%
E. S. Schwab	11½%
Security Trust Co. Ltd.	11 %
Shenley Trust	11½%
Standard & Chartered	9½%
Sterling Credit	12 %
Stewart Salmon & Co.	9½%
Thames Guaranty	12 %
Trade Development Bk.	9½%
Twentieth Century Bk.	11½%
United Bank of Kuwait	9½%
Wallace Brothers Bank	10½%
Whiteaway Laidlaw	10 %
Williams and Glyn's	9½%
Yorkshire Bank	9½%

■ Members of the Accepting Houses Committee.
* 7-day deposits 6½%. 1-month deposits 6½%.
† 7-day deposits on sums of £10,000 and under 6½%, up to £25,000 6¾% and over £25,000 7½%.
‡ Deposit Base Rate 9½%.
§ Demand deposit 7½%.

CORAL INDEX
Close 326-331

I.G. INDEX
GOLD 160½-163½

INSURANCE BASE RATES

† Atlantic Assurance	11½%
Cannon Assurance	9 %

† Address shown under Insurance and Property Bond table.

MONEY MARKET

Slightly higher rates

Bank of England Minimum Lending Rate 10%
(Since May 2, 1975)

Short-term interest rates were slightly higher on balance in the London money market yesterday, with the one-month sterling certificate yield increasing to 9⅝-9½ per cent., from Wednesday's 9⁷⁄₁₆-9⁵⁄₁₆ per cent., the three-month to 9⅝-9½ per cent., from 9⁷⁄₁₆-9⁵⁄₁₆ per cent., and the 12-month to 10⅞-10⅝ per cent., from 10¾-10⁹⁄₁₆ per cent. Day-to-day credit was in uncertain supply, with some dealers looking for official help, of which none was given. It seemed possible, in the absence of official help, that the banks carried on a slight shortage. Banks had, however, carried over a surplus from Wednesday, and there was a fall in the note circulation, but there was, on the other hand, a net market take-up of Treasury bills, revenue transfers to the Exchequer were greater than Government disbursements (in modest degree), and the authorities held maturing local authority bills.

Discount houses bid 7½-8½ per cent. for secured call loans in the earlier part, and 8½-9½ per cent. in the later stages. In the inter-bank market, overnight loans were around 7½-9½ per cent.

Northern Ireland Treasury bills valued at £10m. are being taken up to-day, and are repayable on September 19. At a tender this week the bills were allotted at an average rate of discount of 9.4860 per cent. The tender attracted applications of £54m., with all bills offered being allocated. Bids at £97.63½ received an allotment of 50 per cent. The total amount of the bills outstanding to-day will be £10m.

Rates in the table below are nominal in some cases.

June 19 1975	Sterling Certificates of deposits	Inter-bank	Local Authority deposit*	Local Auth. negotiable bonds	Finance house deposit	Company deposits	Discount market deposits	Treasury bills ф	Bank bills ф	Fine trade bills ф
Overnight	—	7¼-9½	—	—	—	9-10	7¼-9⅛	—	—	—
2 days notice	—	—	8½-9	—	—	—	—	—	—	—
7 days or 7 days notice	—	8⅝-9⅜	8¾-9¼	—	10	—	8½-9	—	—	—
One month	9⅝-9½	9½-9⅝	8¾-9¼	10¼-9⅝	10-10¼	—	8¾-9	9½-9⅝	9⅞-9¾	9¾-11
Two months	9⅝-9½	9⅝-9⅞	—	10¼-9½	10¼-10½	—	9⅛-9¼	9⅝-9⅞	9⅞-9⅞	10-11
Three months	9⅝-9½	9½-9⅞	9½-9⅝	10¼-9½	10¼-10¾	—	9¼-9⅜	9⅞-9⅞	9½-9⅝	10-11
Six months	10⅛-9⅞	9⅞-10⅛	9⅞-10	10¼-9⅝	—	—	—	—	9¾-10	10¾-11¼
Nine months	10½-10⅝	10⅛-10½	—	10¾-10¼	—	—	—	—	—	—
One year	10¾-10⅝	10⅝-10¾	11⅛-11¾	11½-11	—	—	—	—	—	—
Two years	—	—	13-13⅛	—	—	—	—	—	—	—

† Local Authority and finance houses seven days' notice: others seven days fixed. * Long-term local authority mortgage rate nominally three years 13½-13¾ per cent.; four years 13¾-14¼ per cent.; five years 14¼-14½ per cent. ф Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 9½-9¾ per cent.; and four-month trade bills 10½-11 per cent. Approximate selling rates for one-month Treasury bills 9-9⅜ per cent.; two-month 9⁵⁄₁₆-9½ per cent.; three-month 9⅜-9⅝ per cent. Approximate selling rates for one-month bank bills 9⁵⁄₁₆-9½ per cent.; for two-month 9⁵⁄₁₆-9¾ per cent.; and three-month 9⅝-9⅞ per cent.; for one-month trade bills 9½-10 per cent.; two-month 9½-10 per cent.; and three-month 9¾-10½ per cent.

Finance House Base Rate (published by the Finance Houses Association): 10½ per cent. from May 1. Clearing Bank Deposit Rates for small sums at seven days' notice: 6½ per cent. Clearing Banks Base Rates for lending: 9½ per cent. Treasury Bills: Average tender rate of discount 9.4148 per cent.

AUTHORISED UNIT TRUSTS

(a) The British Life Office Ltd.♥
Reliance Hse., Tunbridge Wells, Kt. 0892 22271

BL British Life	38.2	39.3	-0.2	5.46
BL Balanced*	28.5	30.2	......	4.95
BL Capital*	31.1	32.9	......	5.57
BL Dividend*	26.7	28.2	......	9.84

*Prices on June 18. Next dealing June 25.

(a)(g) G. and A. Un. Tst. Mgrs. Ltd.♥
5, Rayleigh Rd., Brentwood. (0277) 227300

G. & A.	22.2	23.8	-0.1	5.49

Garmore Fund Managers♥
2, St. Mary Axe, EC3A 8BP. 01-283 3531

British Trust	92.6	95.1	......	4.53
High Income Tst.	28.6	30.7	-0.1	11.76
(Z)Overseas Tst.	24.7	26.6	......	1.55

REGIONAL MARKETS

Following the merger last year of U.K. stock exchanges, a selection of the share prices previously shown under regional headings is presented below with quotations on London. Irish issues, most of which are not officially listed in London, are shown separately and with prices as on the Irish exchange.

Albany Inv. 20p	14	-1	Gardner (L.)	62	+2	Shiloh Spinn.	23	......
Ash Spinning	34	......	Graig Ship £1	470	......	Sindall (Wm.)	43	......
Bertam	18	......	Hallam Sleigh 10p	9	......	Vincent (H.)	83	......
Brady (G.) 'A'	51	......	Higsons Brew.	85	......	IRISH		
Bdg'wtr. Est. 50p	£125	......	I.O.M. Stm. £1	113	......			
Clover Croft	35	......	Holt (Jos.) 25p	185	......	Alliance Gas (£1)	51	......
Craig & Rose £1	312	......	Kleen-e-Ze	30	......	Carroll (P. J.)	112	......
Dundee Ice £1	295	......	Lovell's Ship £1	125	-5	Clondalkin	52	-7
Dyson (R.A.)	31	......	N'thn. Goldsmith	67	......	Concrete Prods.	72	......
Ellis & McHdy.	57	......	P.M.A.	44	+4	Goodbody (£1)	38	......
Evans Fr'k 10p	30	......	Pearce (C. H.)	60	......	Heiton (Hldgs.)	59	......
Evered	13	......	Peel Mills	18	......	Irish Distillers	56	......
Fife Forge	48	......	Richards 10p	8	......	Irish Wire	48	......
Finlay Pkg. 5p	16	......	RobbCaledon 5p	43	......	Jacob	49	......
Frost & Reed 50p	90	......	Sayers 12½p	8	......	Sunbeam	13	......
Gardiner & Sons	11½	......	Sheff. Refrshmt.	150	......	Unidare	64	-4

FOOD PRICE MOVEMENTS

	June 19 £	Week ago £	Month ago £
BACON			
Danish A.1 per ton†	820	820	820
British A.1 per ton†	815	815	815
Irish Special per ton†	815	815	815
Polish A.1 per ton†	—	—	—
Ulster A.1 per ton§	—	815	815
BUTTER (packet)			
NZ per 28 lbs†	—	—	9.87
English per cwt¶	41.14-41.16	41.14-41.15	40.72-41.18
Danish salted per cwt†	42.10-42.30	42.10-42.50	42.10-42.50
CHEESES			
English cheddar white rindless 40-lb per cwt	—	43.15	43.15
NZ per 20 kilos	15.61	15.61	15.61
EGGS*			
Home-prod. Standard	2.00- 2.30	2.30- 2.40	2.10- 2.30
Large	2.90- 3.00	2.90- 3.00	2.70- 3.00
	June 19 per pound	Week ago per pound	Month ago per pound
BEEF			
Scotch killed sides ex KKCF)	34.0—37.0	34.0—38.0	34.0—37.0
Eire forequarters	20.0—23.5	22.0—24.0	24.0—25.0
Argentine chilled rumps	—	—	—
LAMB			
English	32.0—36.0	30.0—36.0	38.0—42.0
NZ 2s-Ds	30.0—31.0	30.0—31.0	29.5—30.0
PORK (*all weights*)	28.0—33.0	24.0—34.5	24.0—35.0
MUTTON			
English ewes	12.0—13.0	10.0—11.0	12.0—13.0
POULTRY			
Broiler chickens	24.0—26.0	24.0—26.5	23.0—26.0

* London Egg Exchange price per 120 eggs. † Delivered. § London and National Provision Exchange price. ¶ For delivery June 14-31. ** FMC prices.

Slimming food maker fined £880

UNICLIFFE, of Sandwich, Kent, manufacturers of Limmits slimming foods, were fined a total of £880, with £175 costs yesterday, after pleading not guilty to 11 offences of selling incorrectly labelled foods, three of presenting a misleading label and three of issuing a false trade description.

Mr. Roger Henderson, prosecuting at Tottenham, London, said that packages of six different "complete meal" slimming foods—including beef-flavoured casserole, seafood-flavoured paella and beef-flavoured rissoto—contained soya protein but no meat. Yet lumps of what looked like meat were shown in pictures on the packets.

Mr. Andrew Thompson, for the company, said that in view of the fact that the products were described as being beef, or chicken or seafood "flavour" he felt that nobody, however gullible, would think they were buying meat.

"One's impression is not gained merely from the picture on the packet but from the words."

After the hearing Mr. Thompson said that the company might appeal.

INSURANCE, PROPERTY, BONDS

OFFSHORE AND OVERSEAS FUNDS

NOTES

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

1975 High	Low	Stock	£	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
99¼	90¼	Savings 3pc '65-75‡‡	99¼	+⅛	3.03	8.90
99⅜	94	Exch. 6½pc 1976‡‡	98⅛	......	6.62	9.24
97¼	92	Treasury 6½pc 1976‡‡	97	......	6.70	9.30
99	97	Victory 4pc 1976‡‡	99	......	4.08	—
102	96⅞	Treasury 10½pc 1976‡‡	100	......	10.45	9.97
95	88⅞	Treasury 6¼pc 1977‡‡	94	......	6.60	9.63
92	85¼	Electric 3pc '74-77	92⅜	+⅛	3.25	7.76
103	96⅞	Treasury 11½pc '77‡‡	102⅛	......	11.26	10.36
88	84	Treasury 3pc '77‡‡	87 xd	+½	3.43	8.89
89	84⅜	Transport 4pc '72-77	88 xd	+⅛	4.52	9.22
96	90½	Treasury 9pc 1978‡‡	95	......	9.43	10.93
100	95	Treasury 10½pc '78‡‡	98 xd	......	10.62	10.97
87	79	Exchequer 5pc '76-78‡‡	85	+¼	5.84	10.24
103	94	Treasury 11½pc '79‡‡	100	......	11.40	11.19
79	71	Treasury 3pc '79‡‡	78⅛	+⅛	3.84	9.35
81	73⅞	Electric 4¼pc '74-79	79¾	+⅛	5.33	10.20
100	96	Treasury 10½pc '79‡‡	97	......	10.73	11.11
79	71	Electric 3½pc '76-79	78⅛	+⅛	4.48	9.71
95	84	Treasury 9pc 1980‡‡	93	+⅛	9.68	10.92
95	95	Treasury 9½pc '80‡‡	95	......	10.00	10.84
79	68¼	Treasury 3½pc '77-80	75⅞	+¼	4.61	9.75
84½	71	Funding 5¼pc '78-80‡‡	80 xd	+¼	6.56	10.50
		Five to Fifteen Years				
75½	66	Treasury 5½pc '79-81	73¾	+¼	4.82	9.96
91	73	Do 8½pc '80-82‡‡	85¼ xd	......	9.90	11.64
104⅞	86⅝	Treasury 12pc 1983‡‡	102⅛	......	12.12	12.18
78	58	Funding 5½pc '82-84‡‡	70¾ xd	......	7.73	10.73
85¼	61	Treasury 8½pc '84-86‡‡	78 xd	......	10.83	12.06
73	51	Funding 6½pc '85-87‡‡	67⅛	......	9.81	11.86
76¼	55	Treasury 7¾pc '85-88‡‡	68 xd	......	11.25	12.79
46½	32⅞	Transport 3pc '78-88	41⅞ xd	......	7.15	11.85
55¼	39	Treasury 5pc '86-89	50	......	10.00	12.63

Over Fifteen Years

Undated

**INTERNATIONAL BANK

**CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS (Miscel.)

FOREIGN BONDS & RAILS

U.S. $ DM Prices exclude inv. $ premium

AMERICANS

S.E. List Premium 70¼% (based on $2.2740 per £)

CANADIANS

S.E. List Premium 70¼% (based on $2.2870 per £)

Conversion factor 0.5870 (0.5931)

††BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER & ROADS

BUILDING INDUSTRY—Continued

CHEMICALS, PLASTICS

CINEMAS, THEATRES AND TV

DRAPERY AND STORES

DRAPERY AND STORES—Continued

ELECTRICAL AND RADIO

ENGINEERING, MACHINE TOOLS

ENGINEERING—Cont.

FOOD, GROCERIES, ETC.

HOTELS & CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

1975 High	1975 Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's	P/E
46	20	Johnson Clrs.	32	−1	8.7	1.6	10.5	9.0
345	120	Johnson Mth. El.	272xd	+4	10.2	ϕ	5.8	ϕ
41	18	Jorge Int.	29	......	7.6	3.6	10.1	4.5
27	14½	Kalamazoo 10p	24	......	16.2	2.7	10.4	5.5
47	20	Kelsey Ind. 12½p	38	......	d19¾	4.7	10.0	3.3
37	9	Kennedy Sm. 10p	15½	−½	14.4	1.0	14.3	10.4
670	325	Kershaw (A.) 5p	750	−50	240.1	0.7	2.5	126.8
200	66	Kleeman	195	......	15.6	4.1	3.1	12.3
39	15	Kode Int.	28	......	4.9	ϕ	6.8	ϕ
59	29	L.C.P. Hlds.	47	+1	11.2	2.3	9.1	7.0
21	11	L.K. Ind. Inv.	18	−1	d7.8	ϕ	16.8	ϕ
30	13½	L.R.C. Int. 10p	30	+1	26.7	1.9	13.7	5.3
103	56	Lawson Inds.	82½	−½	11	3.5	5.1	8.0
40	30	Lawtex	31	......	10.3	4.2	12.6	2.3
118	40	Lead Inds. 50p	108	−1	9.4	5.9	6.7	3.9
40	17	Le Bas (Ed.)	30	......	5.5	6.9	7.1	3.1
40	15	Lebell Fobel 10p	36xd	......	10.3	ϕ	4.4	ϕ
43	19	Lebus Harris	36	......	8	0.2	8.6	—
21	12	Leech (L.) 5p	21	......	14.7	5.8	5.4	4.9
71	35	Leisure Car. 10p	70	+1	44.2	ϕ	10.2	ϕ
160	59	Lep Group 10p	160	......	23.6	9.4	2.3	5.6
27	12	Lesney Prods. 5p	19	......	15.5	7.0	6.4	2.9
43	13	Letraset 10p	33	......	12.3	6.8	5.7	3.1
20½	5½	Liden 10p	14½	......	1.7	2.4	1.8	29.2
45	17	Light & Leis. 10p	36	......	g23.6	3.6	10.2	4.6
50	35	Lindsay & Wms.	47	+1	12.2	3.6	10.0	4.2
62	29½	Lindustries	52½	−½	†15	3.4	11.2	3.8

INDUSTRIALS—Continued

1975 High	1975 Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
15	13	Wood & Sons 5p	13	......	9.8	3.5	6.1
13½	7	Wood (Arthur) 5p	11½	......	13.3	3.6	8.9
13	8	Wood (W.) 10p	11	......	‡8¾	—	‡
99	29	Wood Hall	82	......	T16.1	16.1	7.6
7¼	4	Yatton Furn. 5p	6¾	......	ϕ6.3	2.3	7.2
27½	14	Zetters 5p	21	......	17.7	4.5	6.5

††INSURANCE

1975 High	1975 Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
65	30	Brentnall Ed. 10p	50	......	29.2	3.0	9.0
154	60	Britannic 5p	138	......	140	—	7.8
970	440	Comb. Ins. Am. $1	805	+15	tQ60c	—	3.2
194	72	Comm. Union	170	−2	27.4	—	6.2
148	44	Eagle Star	124	......	18.4	—	5.7
186	50	Equity & Law 5p	154	−2	102	—	5.1
174	67	Gen. Accident	156	−2	21.6	—	5.3
224	83	Guardian Royal	206	−1	h31	—	5.8
180	54	Halford Sh'd 10p	175	......	54.4	3.0	4.8
232	82	Heath (C.E.) 20p	212	......	30½	3.3	4.4
152	47	Hogg Robinson	138	......	14.6	3.0	4.2
138	30	Howden (A.) 10p	128	......	21.7	4.2	2.6
150	48	Legal & Gen. 5p	130	−1	87.2	—	5.2
125	33	Les. & Gdwn. 10p	108	......	33.9	2.3	4.8
143	48	Lon. & Man. 5p	112	......	87	—	6.0
178	63	Matthew Wr. 20p	158	......	36.9	1.6	7.2
158½	49½	Minet Hldgs. 20p	135	......	h10.8	4.2	2.5

MISCELLANEOUS

1975 High	1975 Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
8	3	Burma Mine 17½p	8	......	m0.5	—	1.7
56	17	Charterhall 5p	54½	......	—	—	—
115	75	Colby Mines $1	75#	......	—	—	—
760	360	Cons. Murch. 10c	735	......	‡Q15c	2.2	‡
53½	29½	Laurasia	37½	+1	—	—	—
19	13	NRD $1	15	......	—	—	—
375	200	Northgate C$1	270	......	Q65c	1.0	10.4
211	80	R.T.Z.	177	+3	19.9	4.4	4.4
135	47½	Sabina Inds. C$1	85	+1½	—	—	—
70	51	Stanford Mines R	67	......	—	—	—
£12½	875	Tara Expln. $1	£30½	+¼	—	—	—
75	38	Yukon Cons C$1	56	......	—	—	—

NOTES

Unless otherwise indicated, prices are in pence, denominations are 25p and dividends are in net percentage terms. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures; they are adjusted to corporation tax of 52 per cent. and ACT of 35 per cent. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields, assuming maintenance of net dividends on current rate of ACT, are based on middle prices, are gross and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- ▲ Sterling denominated securities which include investment dollar premium.
- • "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- ϕ Figures or report awaited.
- †† Banks and Insurance: reserve allocations may preclude calculation of dividend cover.
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Based on 1973 profits.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✤ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. G Assumed dividend and yield after pending scrip and/or rights issue. H Figures based on prospectus or other official estimates for 1973-74. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 23

FINANCIAL TIMES

Friday June 20 1975

Bank of England urges tough action to slow inflation rate

BY MICHAEL BLANDEN

TOUGHER ACTION to slow the rate of inflation, now at a "critical stage," and to restrain pay settlements is called for by the Bank of England in the latest issue of its Quarterly Bulletin.

In an outspoken assessment of the economic situation, the Bank argues for a stricter form of voluntary restraint or for other methods of Government moderation of wage rises, implicitly suggesting some form of statutory control.

The Bank also emphasises that tighter price controls should not be used because of their effect on company profitability and therefore on new investment. And it argues for more effective arrangements to limit the growth of public spending and contribute to the reduction of the Government's borrowing requirement.

The bank now seems convinced that the world-wide recession in industrial activity, the worst "since the 'thirties," has probably reached its bottom. It expects recovery to be led by West Germany and the U.S. But its comments suggest that unless the domestic situation in the U.K. is drastically changed, the country will not be in a good position to take advantage of this.

Britain faces a number of major problems, the Bank says. It has to shift resources into the balance of payments and secure renewed expansion in investment; this severely limits the share of national resources that can go to current public expenditure.

Both the external- and the public-sector deficits have to be financed. All these problems stand to be made worse by inflation, and "to bring inflation under control is now very clearly the most urgent problem."

Inflation is at a critical stage, the Bank comments, for three reasons. It is now running at a rate of 10-15 per cent. higher than in the U.S. and West Germany; it is now mainly due to domestic cost rises rather than imported price increases; and it has been demonstrated by recent pay settlements how easily it can accelerate.

There is hope that the price rise could be slowed down in the autumn, but it is necessary to reverse the trend of pay settlements at levels greater than price rises. Deflation in the U.K. on the lines adopted by other countries, would mean much greater unemployment probably for a prolonged period. The alternative is pay restraints.

Price controls, however, would not be desirable, the Bank argues. It maintains that the drop in investment is not due to the lack of availability of finance for profitable projects, but that after years of declining profits there is not an adequate return on capital.

Public spending

Stopping companies from passing on cost rises already incurred, it is argued, would produce "insupportable deficits in the accounts of industrial enterprises, both private and public."

Turning to the public sector, the Bank maintains that if the balance of payments and domestic investment are to be strengthened, "there is in practice no room for increases in the volume of public expenditure."

The Bulletin points out the "disproportionate" rise in public spending in the last financial year, mostly due to higher costs and prices. It rose to about 54½ per cent. of gross national product against 51 per cent. in the previous year. On present programmes, even if these are not exceeded as a result of inflation, the proportion could rise as high as 56 per cent.

The Bank argues that it is important to have more effective arrangements—perhaps by fixing cash ceilings for spending departments — to prevent unbudgeted increases in spending. "This degree of restraint seems the minimum required to bring about even a gradual reduction of the borrowing requirement of the public sector."

A firm hold will also need to be kept, the Bank says, on monetary conditions, where the public sector borrowing requirement remains "the main source of monetary expansion."

Thorn will raise bid to 91p at least

BY MARGARET REID

THE OUTCOME of the take-over battle for Sheffield Twist Drill and Steel was still uncertain last night after one would-be purchaser, Thorn Electrical Industries, had foreshadowed an increased offer of at least 91p a share, worth £12.3m.

The rival contestant SKF, the large Swedish group which originally opened the bidding last month with a £10.46m. offer of 77½p a share, last night again extended its terms for a further week, until June 26.

It is clear that SKF, whose bid was made with Sheffield Twist's support and which did not at first expect a competing offer, is still considering what course to take.

Scrutiny

Since Thorn entered the lists last week, following a Government decision to refer neither SKF's offer nor the expected Thorn bid, to the Monopolies Commission, SKF has been engaged in intensive scrutiny of the courses open to it. Already SKF owns or has been promised 38.38 per cent. of the shares. Representatives of SKF's merchant banking advisers, Hill Samuel, are now at its headquarters in Gothenburg.

Thorn, which first offered 85p a share on June 12, yesterday disclosed through its advisers, Hambros Bank, that it had bought a further 758,000 Sheffield Twist shares, raising its holding to 13.1 per cent., at 91p a share. As a result of this purchase Thorn is obliged, under the City Take-over Code, to raise its bid to that level and an increased offer has accordingly been promised.

Waiting

Indications last night were that before announcing the full terms of its offer Thorn would like to see whether SKF increases its own offer or abandons the fight. Thorn's full terms are promised as soon as possible.

In the present waiting game SKF may take a little more time. It wants to add Sheffield Twist to its limited British interests in tools but reputedly finds an "auction" distasteful.

It was being suggested last night that one course open to SKF, which has so far been backed by the unions as well as Sheffield Twist Board, would be simply to match the next Thorn offer, instead of exceeding it.

Sheffield Twist's Board appears anxious to wait for clarification of the intentions of both rivals before giving shareholders up-to-date advice.

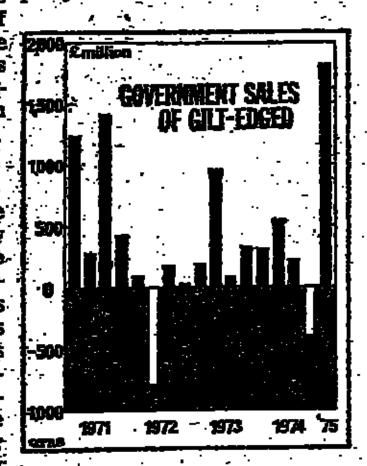
Last night Sheffield Twist shares closed 1p up at 92½p. Thorn's Ordinary were 2p down at 164p and the "A" were 1p lower at 165p.

THE LEX COLUMN

Changing picture at Tate

Index rose 2.6 to 328.6

The Bank of England Bulletin confirms that net sales of gilt-edged reached record levels in the first quarter of 1975, with the public taking £1.82bn. of stock—though two quarters in 1971 featured larger sales in real terms. Since the end of March the Bank has apparently continued to be a heavy supplier of stock—with some signs of more emphasis on the longs, which only accounted for 12 per cent. of gross sales in the first three months. The Bulletin indicates that further very large gilt sales may be required if money supply growth is to be restrained at the same time as leaving room within the banking system for any revival in industrial demand for credit.



Tate and Lyle

Tate and Lyle's earnings are still being propelled rapidly ahead with first half profits up from £15.8m. to £24.3m. pre-tax. But there are indications that this sort of momentum is coming to an end; the group is now talking guardedly of falling commodity prices in relation to its dominant storage division while the forecast for profits overall in 1974-75 is now put at "higher" returns, *whereas in February Tate's expectations* extended to a "further significant increase."

However, if the group does no more than maintain profits in the current six months this will still leave a pre-tax total of £50m., against £40.8m. last time, prior to a £9.7m. pensions top-up. The background to the upsurge is a big rise in U.K. sugar refining—from £1.1m. to £4.5m. before sharply higher central expenses—and further dramatic growth by the storage division. A jump from £4.4m. to £12.7m. means that these activities—trading and distribution in a multitude of commodities as well as actual storage—account presently for 45 per cent. of total profits.

Predictably, the shipping side has taken a knock but group profits to date make "adequate" provisions for any sugar losses in Paris; and overall it looks as though cover for a prospective yield of 7.1 per cent. is going to top the five-fold mark comfortably this year. The shares put on 7p to 246p yesterday and remain one of the strongest 1975 performers.

See also Page 23

Lyons

Lyons has removed some of the half-time doubts by maintaining its dividend, turning in full year profits before tax and exceptional items of £6.64m., against £9.23m., and forecasting an improvement in the current year. So the shares rose 11p to 176p yesterday. The results are, however, overshadowed by the property contribution and the group's high gearing. Property is included in two main ways—as an exceptional item, where £5m. of profits from the sale of investments more than offset £2.5m. of initial expenses on new factories, and at the trading level, where £4.55m. from the property division takes in £3.4m. of dealing profits. Profits from these two sources will continue, though they are likely to be lower this year.

The group's gearing problem is reflected in an £8m. jump in interest charges to £20.2m., with about half the rise coming from higher interest rates. The increase in borrowings from the March 1974 total of nearly £200m. was apparently not dramatic and the group claims that debt should start to decline this year following the end of a period of especially heavy capital spending. Anyway, each one point fall in interest rates cuts £1m. to £1.5m. from finance charges.

Lyons is also looking for a general advance from all its trading divisions. Last year, the overseas side made the biggest gain—increasing its profits by 53 per cent., and making up half the pre-interest total—with all the European companies, except that in Germany, doing particularly well. In the U.K. there are hopes of a recovery in ice cream, and in hotels and catering—loss-making in 1974-1975—where the Tower Hotel is improving and margins generally are better despite fractionally lower occupancy in London. But these hopes have already been reflected in a strong recent share price performance and any further re-rating should await the balance sheet details in the report.

See also Page 23

B and C Shipping

British and Commonwealth looks to be up on its 1974 target of 10 per cent. profits growth. The holiday activities again lost money but there have been strong performances in shipping and on the helicopter side, and overall profits are £5.4m. higher at £19.1m. before tax, including £3m. of exceptional operating profits. At the net attributable level though profits are only modestly ahead at £7.3m. against £6.9m., excluding the exceptionals.

This year B and C reckons to be holding up reasonably well. There is going to be a setback in shipping but nothing very disastrous should occur. The group has a steady business in its South African cargo trade and the stake in OCL is limited to 7½ per cent. The problem for the division is bulk carriers. However, helicopters continue to move well and there are hopes that this year Castle Holidays may break even, having lost £1.6m. in 1974.

But B and C's real strengths lie in its balance sheet. Published net worth is around 350p a share and could be closer to 450p, while if the group were to consolidate the 38 per cent. stake in Safmarine earnings for 1974 would be roughly 35p. That compares with a share price of 169p where the yield is 6.4 per cent.

See also Page 27

Ennia

Fresh from its £4.9m. rights issue in Holland, Ennia is now funding its U.K. expansion—it bought the Triumph insurance operations last year—through a £5m. sterling/guilder Convertible carrying a 9 per cent. coupon; the stock has apparently been easily placed at par. This is the first such quoted stock for some years, and moreover Ennia is breaking new ground for Continental companies by combining the listing of its own shares in London with an actual fund-raising exercise. Eventual full conversion would add 13 per cent. to Ennia's existing equity capital; there must be hopes that at some stage over the stock's 15-year life the dollar premium will cease to be a problem.

Go-ahead for higher post rates expected

By Harold Bolter

THE Government appears to be ready to accept the Post Office's case, now in the final stages of preparation, for an autumn round of postal and telephone price rises and cuts in services.

Mr. Robert Sheldon, Financial Secretary to the Treasury, yesterday admitted that the Post Office could lose considerably more than the £70m. once thought likely during 1975-76 and said that this "will mean cuts in services and early increases in charges."

Mr. Sheldon issued the warning during the Committee Stage of the Statutory Corporations (Financial Provisions) Bill, and said that Mr. Eric Varley, Industry Secretary, would report to the House of Commons as soon as possible.

As revealed in the Financial Times on June 10, the P.O. is in fact facing a deficit of more than £300m. in 1975-76 unless action is taken quickly.

In this situation, the charge for the first class letter post—now 7p—could rise to as much as 9p by the autumn, with a consequential increase in the 5½p second class rate.

Mr. Sheldon's statement seems to confirm that heavy price increases will have to be allowed.

He said that the Government would "look very critically" at any claim for compensation above £70m. and that it would not be paid unless the P.O. could show that it had taken "all possible steps" to deal with the situation.

The Statutory Corporations (Financial Provisions) Bill provides for further subsidies to be paid to certain nationalised industries to compensate for the effects of price restraint on their finances, and increases the borrowing powers of the *British Steel Corporation and* the National Bus Company.

Mr. Sheldon emphasised that the Government did not intend to pay compensation to nationalised industries in the financial year 1976-77.

There is no provision in public expenditure estimates for such subsidies and although provision is being made for possible residual deficits these will be resisted, he said.

Lisbon peace hopes: Army rebukes extreme Leftists

BY JANE BERGEROL

LISBON, June 19.

AN UNEASY compromise now seems likely in the dispute over workers' revolutionary councils which has split the leadership of the ruling Armed Forces Movement (AFM).

A pre-dawn statement issued to-day by the Supreme Revolutionary Council rebuked extreme Leftists who have been trying to impose revolutionary councils on the country and grant them a status above that of the formal political parties.

In what was seen as the firmest indication so far that the military do not plan to dismiss the political parties from the Government, the statement declared:

"So-called supra-party organisations are calling for the dictatorship of the proletariat with support of armed militias. This is a road the AFM repudiates, since it does not fit in with the pluralist road already chosen for Portugal's revolution."

Broadcast

The statement, issued after six days of secret debate by the Supreme Revolutionary Council, was considered a compromise between officers like General Otelo Saraiva de Carvelho, commander of Copcon, the security force, who would like to see the revolutionary councils replace the parties, and other AFM leaders who feel this is not the most important issue at present and who simply want to see the fourth coalition Government transformed into an effective instrument to administer the country.

While the military leaders met behind closed doors, extreme Leftist groups, with the tacit support of Copcon military security forces, have escalated their demonstrations against the political parties, against the Catholic Church and against the Republica newspaper, causing increasing tension in Lisbon and around the country.

Attacks on the Catholic Church have escalated since supporters of the Church's Radio Renascenca broadcasting station demonstrated last night before the Lisbon patriarch's house, and were besieged in the patriarchy until this afternoon by Left-wing extremists.

Copcon security patrols stood by and watched while inside the building worried prelates tried to calm the group of Catholic supporters and warned of the growing confrontation between Church and State. Later troops evacuated about 700 Catholics who were pelted with rubbish and jeered as they left in army lorries.

This morning's newspapers carried sharp attacks on the Church by pro-Communist journalists accusing the prelates of turning out a pastoral letter "at a time when reactionary forces are rearing their heads" and linking the Church with the fascist regime.

The bishops had stated: "To-day there is more talk of purges and vigilance than of liberty. It is minimising the importance of liberty, with all that entails of disrespect for the individual and his legitimate options and obliges us to place serious reserves on the revolutionary process as it has developed recently."

The pastoral letter speaks frankly of the massive emigration of cadres from Portugal in recent weeks and ended with an appeal for Radio Renascenca's "liberty" from occupation by its workers.

Workers again occupied the Republica newspaper offices, and Copcon soldiers denied the editorial staff the right to enter the building. Journalists have sat the day out in a cafe opposite the building, lying in wait for the Copcon commanding officer who disappeared around 8 a.m. and was not seen again all day.

Communist anxieties

The Communist Party's continuing anxieties were reflected in an editorial in its weekly newspaper to-day, which both warned against taking the April 25 election results seriously, and nervously spoke of its "fruitful co-operation" in governing Portugal.

Condemning "electoralism" as "the heavy artillery of the opposition to the revolution," the editorial was once again aimed at promoting the party's idea of "committees for the defence of the revolution"—the only channel the party sees open for regaining the initiative in the forming a mass civilian movement for the revolution.

The Supreme Revolutionary Council was due to meet in plenary session against to-morrow to finalise a report to the nation on its marathon talks which began last Friday and has continued virtually uninterrupted, ignoring the growing disorder and anxiety in the country.

The workers' councils revolt, Page 6

House of Fraser in talks to buy Hide Group stores from Tootal

BY RHYS DAVID

TOOTAL, one of the big four U.K. textile concerns, is negotiating to sell its Hide Group department store subsidiary, with 13 shops, to the House of Fraser as a going concern.

The talks have been going on for some time and the deal is expected to be completed within the next few weeks. Assurances have been given to the staff by House of Fraser that employment will not be affected.

The announcement to the Stock Exchange has been made at this stage because of rumours over the future of the Hide Group, which Tootal are known to have wanted to sell for some time. The group includes such names as R. H. O. Hills of Blackpool, Seccombes of Cardiff, Wrights of Richmond and Hides of Kingston.

Although no details of the likely price have been revealed it seems possible on the basis of current retail values that the deal will be valued at around £2m.-£3m.

The stores came into the Tootal group from Calico Printers' Association, which acquired Hide together with various other retail outlets as part of its efforts to diversify before its eventual merger with English Sewing Cotton. Unlike the women's shops acquired at this time—now unified under the name Van Allan and not affected by the present deal—the department stores have not been making an adequate return for Tootal.

The company regards the chain as too small to operate as a viable unit in competition with the other department store groups and the multiple retailers.

In a statement yesterday the company said the department stores had always been regarded as apart from Tootal's mainstream of activity and for this reason the company had decided to concentrate its retail investment on the multiple type of trading represented by Van Allan. This chain, specialising in young fashion, is currently enjoying buoyant trading.

The Hide Group, when originally purchased by CPA in 1965 totalled 34 shops, but pruning of uneconomic units reduced it to only 13 shops. An attempt was made to broaden the group with an offer in 1973 for James Colmer, of Bath with four stores, but this failed after a higher bid from Owen Owen.

The acquisition will give House of Fraser representation in one or two parts of the country where no group store exists—for example in Blackpool—and increased representation in other areas.

Powell Duffryn writes off £2.9m. from reserves

BY NICHOLAS LESLIE

POWELL DUFFRYN, the international engineering, fuel distribution and shipping group, has had to write off £2.9m. from its reserves following the discovery of "serious discepancies" in the accounts and records of its French subsidiary, Société Française d'Equipement Electrique et de Chauffage.

Disclosing this yesterday when announcing pre-tax profits up from £10.82m. to £11.86m. in the year to March 31, 1975, the company said that "systematic falsifications of the books, undetected by auditors in France, have continued for several years."

The situation is now being investigated in detail, but Powell says that until it can accurately determine the amount and the time-scale of the discrepancies it is not possible to bring the results of the French subsidiary into the group consolidated accounts. Meanwhile, an "appropriate" adjustment has been made to group reserves for the value of the investment and a £2.9m. provision has been made to cover debts owed by the French concern to other group companies.

Results Page 22

Weather

U.K. TO-DAY

CLOUDY, sunny spells later. Some rain in western and northern areas.

London, E., S.E. and Cent. N. England, E. Anglia, Midlands, Channel Is.

Mostly dry, sunny spells. Wind S.W., moderate. Max. 21C (70F).

S.W. England

Some drizzle, bright spells later. Hill fog. Wind S., light or moderate. Max. 18C (64F).

Wales, N.W. England, Lakes, I. of Man

Occasional rain, bright spells. Hill fog. Wind S., light or moderate. Max. 20C (68F).

N.E. England, Borders, Edinburgh, Dundee, Aberdeen, Cent. Highlands, Moray Firth

Mostly dry sunny intervals. Wind S.W., moderate. Max. 19C (66F).

S.W. Scotland, Glasgow, Argyll, N. Ireland

Occasional rain, bright intervals. Wind S.W., moderate. Max. 18C (64F).

N.E. and N.W. Scotland, Orkney, Shetland

Rain at times, bright intervals. Wind S.W., moderate. Max. 14C (57F).

Outlook: Becoming dry, sunny spells.

Lighting-up: London 21.50, Manchester 22.12, Glasgow 22.36, Belfast 22.34.

Pollen Count: 154, very high. Forecast: similar.

BUSINESS CENTRES

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Alexandria	F	27	81	Luxembrg	R	17	63
Amstrdm	S	19	66	Madrid	S	27	81
Athens	S	26	82	Manchestr	R	15	59
Bahrain	S	35	95	Melbourne	Fg	3	37
Barcelona	S	22	72	Milan	S	24	75
Beirut	S	27	81	Montreal	C	22	72
Belfast	F	19	66	Moscow	F	22	72
Belgrade	C	16	61	Munich	C	11	52
Berlin	C	21	70	Newcastle	C	17	63
Birmghm	C	19	66	New York	F	30	86
Bristol	D	18	64	Oslo	F	20	68
Brussels	S	20	68	Paris	S	20	68
Budapest	S	23	73	Perth	C	15	59
B. Aires	S	28	82	Prague	F	17	63
Cairo	S	37	99	Reykjavik	C	10	50
Cardiff	C	16	61	Rio de J'o	C	23	73
Cologne	F	20	68	Rome	F	23	73
Copnhagn	S	19	66	Singapore	S	31	88
Dublin	F	19	66	Stockholm	S	23	73
Edinburgh	C	18	64	Strasbourg	R	15	59
Frankfurt	R	14	57	Sydney	R	16	61
Geneva	C	15	59	Tehran	S	34	93
Glasgow	R	15	59	Tel Aviv	S	27	81
Helsinki	S	21	70	Tokyo	C	28	82
H. Kong	R	28	82	Toronto	C	24	75
Jo'burg	S	20	68	Vienna	S	21	70
Lisbon	S	24	75	Warsaw	C	17	63
London	C	17	63	Zurich	R	11	52

HOLIDAY RESORTS

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Ajaccio	S	22	72	Las Palmas	F	24	75
Algiers	S	24	75	Locarno	F	21	70
Biarritz	S	22	72	Luxor	S	41	106
Blackpool	R	15	59	Majorca	S	24	75
Bordeaux	S	23	73	Malaga	S	24	75
Boulogne	F	15	59	Malta	S	21	70
Casablnca	F	22	72	Nairobi	C	21	70
Cape Tn.	C	18	64	Naples	F	23	73
Corfu	S	28	82	Nassau	R	25	77
Faro	S	25	77	Nice	S	22	72
Florence	S	24	75	Nicosia	S	29	84
Funchal	F	19	66	Oporto	S	19	66
Gibraltar	C	21	70	Rhodes	S	29	84
Guernsey	C	15	59	Salzburg	F	15	59
Innsbruck	C	12	54	Tangier	S	27	81
Inverness	F	19	66	Tunis	C	22	72
I. of Man	C	13	55	Valencia	S	25	77
Istanbul	S	27	81	Venice	S	23	73
Jersey	S	18	64				

S—Sunny. F—Fair. C—Cloudy. R—Rain. D—Drizzle. Fg—Fog.

Continued from Page 1

Chequers talks on pay target

ment the result would not be to reduce the rate of price increases.

To-day's Chequers meeting at which these alternatives will be discussed starts this morning and will probably continue after lunch. It is regarded as overdue by some MPs.

The Prime Minister held a meeting of senior Ministers yesterday evening, including those dealing with the economy and industry. Those present included the Home Secretary, the Chancellor, the Secretaries for Employment, Prices and Consumer Protection, Industry and Trade, and the Minister of Agriculture.

The Department of Energy was represented by Lord Balogh, Mr. Wedgwood Benn's Minister of State.

Also there was Mr. Harold Lever, Chancellor of the Duchy of Lancaster and financial adviser to the Prime Minister.

Last night Miss Joan Maynard, a Left-wing Labour MP, called for an immediate freeze on prices. "We should have frozen all prices for at least six months when we came to power. We should do it now forthwith."

Miss Maynard is a member of the Labour party's National Executive. She was speaking at a meeting in Somerset.

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